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UNIVERSITY OF ALBERTA

MANAGING ORGANIZATIONAL CHANGE IN A REHABILITATION FACILITY

BY

BETH TUGGLE-MACLEAN ©

A thesis submitted to the Faculty of Graduate Studies and Research in partial fulfillment of the requirements for the degree of Master of Business Administration

Department of Business Administration

Edmonton, Alberta

Spring 1994

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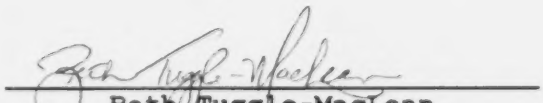

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Bob Hinings, Supervisor

Royston Greenwood, Committee Member

Trevor Slack, Committee Member

April 6, 1994

DEDICATION

To my husband, Ian, and daughters, Jayda and Ivy - a wife and mother could not feel more blessed than I do with the three of you. Ditto goes for Debra, the best friend I finally have. I love you all.

ABSTRACT

The thesis analyzes the change process of a rehabilitation facility by using Andrew Pettigrew's model of strategic change management. The research was conducted using written documentation, observation and structured interviews, and involved both retrospective and real-time data collection. The study provides a description and analysis of the change process that was considered within the historical context of the firm without an *a priori* knowledge of the change outcome.

MANAGING ORGANIZATIONAL CHANGE IN A REHABILITATION FACILITY

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MANAGING ORGANIZATIONAL CHANGE IN A REHABILITATION FACILITY

CHAPTER 1 - THE CONCEPTUAL APPROACH: INTRODUCTION

Newly emerging global competitors, a poor economic climate and falling trade barriers have changed the nature of competition in business. These quickly changing conditions have made it necessary for firms and industries to rethink the way they do business. Many organizations are undergoing strategic change in order to remain viable. Combined with this is the changing political climate that has seen deregulation and the upsurge of special interest groups that exert pressure on business to become more socially responsible and environmentally minded. Also, today's consumer is more knowledgeable, demanding, and selective, which also contributes to the difficulty that is faced by modern businesses. Today's manager will find it imperative to understand the needs of his or her environment in relation to the business, be able to critically assess the situation, make appropriate choices and to implement the necessary changes in order to stay competitive. The Financial Post dated March 30th, 1993, ran an article on the IBM Board of Directors "wish list" for their new Vice President and the ability to implement strategic change rated as one of the top seven criteria. The competitiveness of today's firm rests on its ability to analyze the complex and variable milieu within which the firm operates, and to transform the structure, culture and strategy to adapt successfully.

Why Study Organizational Change

Strategic change is the ability of a firm to change its structure, culture and/or its product market focus. Organizations tend to become mired in inertia because they have developed strategies, policies, political structures, culture, and organizational structures that were effective in the past, but no longer meet their competitive needs. The study of strategic change as an academic discipline is necessary to better understand the complicated and chaotic nature of the change process. Research on change provides frameworks to better equip today's manager in directing the strategic change process of planning and implementation.

Intent of Study

The study will be conducted utilizing Andrew Pettigrew's model of strategic change. This will provide a 'test' of the model to see how an actual organizational change in strategy is adequately reflected in the description and analysis using this model. Testing one model of change will

enable the researcher to critique the model in its ability to reveal the myriad of decisions, events and interactions that shaped the change process and a resultant emergent strategy. Since this study is meant to compare and contrast the findings with Andrew Pettigrew's model of strategic change, other models will not be included in the analysis.

It has been said that knowledge is power and a required component of knowledge is understanding. One cannot use knowledge unless he/she has an inherent understanding of the material. The understanding of strategic change is obtained by observation, description, and analysis of the process in its entirety. According to Pettigrew, the state of research in the field of managing strategic change tends to be lacking on several fronts. For example, when refering to change research Pettigrew writes: "...these books illustrate some of the problems in the field, including the bias of existing literature on strategic management towards strategy formulation (the analysis of strategic content); the limited attention given to the implementation of strategy (the analysis of strategic process); the emphasis on prescriptive writing in the field, and the consequent under-concern with description, analysis and understanding; and the definition problems and conceptualization of what strategy is (Pettigrew, 1988 p.3). All facets that affect the change process will be chronologically described and analyzed to arrive at a conceptualization of strategic change.

The intent of this thesis is to provide some understanding into the process of change in a real-time or longitudinal fashion. Much of the change literature looks at the process of strategic change with an *a priori* knowledge of the phenomenon. This type of reporting and research tends to miss some of the nuances that go unnoticed in hindsight reporting. The ability to observe and analyze the process as it is unfolding affords one the knowledge of the intricacies and complexities that accompany a change in the direction of the firm's strategy.

The study will also try and uncover and interpret the incredibly complex array of variables that impact upon the change process, and are impacted by the change process. Pettigrew states that it is imperative to comprehend the manager's process of assessment, choice and change. He also states that the challenge is to analyze the content, context, and process of the strategic change and to be able

to explain the interplay between these three concepts at various levels of analysis over time.

The objective focus will be to provide a chronological description and analysis of the dynamic nature of the change process that takes into account all the relevant actions, reactions and interactions amongst the various individual players, and groups of players, within the organization. Concomitant with this is the unintended or emergent strategies that form and become part of the change process.

Statement of the Problem

An inherent problem that is associated with any management of strategic change is the ability of the researcher to take into account the tangible as well as the intangible aspects of the change process and make it all 'fit' the larger picture or context of change. Pettigrew mentions that part of the challenge is learning how the culture, beliefs, perceptions, language, power and politics of the organization are mobilized to legitimize or constrain the firm's ability to implement change. These elements of the inner context will need to be identified and analyzed in order to ascertain their impact upon the process of strategic change. The firm and its inner context undergo a strategic change when it is seen as imperative to remain competitive and viable within the larger, outer context. The outer context variables will be studied with a focus on factors which led the manager to make the assessment that the status quo held greater risks than undergoing a major strategic change.

The content aspect of the change process will focus on why the particular strategy was chosen over alternative strategies considered. The content analysis will need to focus on why the move to a program based model would necessarily improve the overall competitive position of the firm and the analytical processes involved that resulted in that particular strategy. The content should be reflected by the strategy's key or central objective. Finally, one needs to understand how the contexts shape the content of the strategy and are thus expressions of the contexts that are in rational and analytical terms.

The 'process of change' focus requires that one try and capture the interaction between the contexts and content of strategic change and how these elements played a role in the manager's assessment, choice and implementation of the

change process. Pettigrew calls the process component the most "critical, yet elusive" aspect to the description and analysis of the strategic change and involves both a political and cultural analysis. It is shaped by the commitment of various individuals and their interests within the change process. He also refers to process as the unfolding context of change which includes both front-stage and back-stage decision making. The focus will be to try and examine the various decisions made throughout the change process, the players involved, their levels of commitment and the conflict encountered. It is also necessary to understand and describe the events that led to the conceptualization and formulation of the strategy.

It becomes evident that the focus of the research is to use Andrew Pettigrew's model to try and to capture as much as possible all the interacting variables of context, content and process and to connect these to competitive performance. Looking at the whole picture of the management strategic change does not involve looking at the process as isolated instances of change, but rather viewing the assessment, formulation and implementation as an ongoing process of continuity, with the challenge of showing how the three areas interrelate and impact one another over time. The research took place at a rehabilitation facility that underwent a strategic change from a department based model to a program-based management model.

CHAPTER 2 - REVIEW OF LITERATURE

Why Pettigrew

The model chosen for the analysis of strategic change at the rehabilitation facility was Andrew Pettigrew's model for the management of strategic change. Information on the model was obtained by reading two of Andrew Pettigrew's books. The first was The Management of Strategic Change with Pettigrew being the editor and the author and co-author of Chapters 1 and 2 respectively. The second source was a book which outlines the results of an eight year study of change at a U.K. firm, i.e.: Imperial Chemical Industries.

The model is simple in its depiction and representation, but is also holistic and comprehensive in its ability to analyze and to consider all the variables operating throughout various levels and context. The model recognizes the incredible complexity that exists within and around the firm. The various contexts within which the firm operates are both central and more peripheral. The firm's inner context must try and change and adapt to the competing contexts outside. The content of the strategic change is formed by both the political and cultural aspects of the firm and also represents the main or key objective of the strategy. This model also examines the processual and contextual dynamics that affords the researcher to better understand the vertical and horizontal axes of competition that are at play and shape the change process. The model stresses that the method of analysis should be longitudinal and processual, and should observe and describe the antecedent conditions. The antecedent conditions to the particular change process are instrumental in understanding the intricacies of how the entire process was handled. Change is seen not as a single or discrete event, but one that is continuously and responsive to a dynamic context. The interplay and analysis that occurs between the three levels and the various players and groups gives this model an all-encompassing outlook that is difficult to get at and conceptually challenging to achieve.

The resultant strategy that emerges during a change process has been shaped by a wide variety of forces over an extended period of time. Andrew Pettigrew's model requires the researcher to consider the many tangible and intangible factors that affect the assessment, choice, and change in the management of the strategic change process.

Analysis of Model

A more in-depth analysis of Andrew Pettigrew's model for strategic change is necessary before proceeding with the research findings. The framework contains three areas of analysis. These areas are the context of change (both inner and outer), the content of change and the process of change. Diagrammatically the model is a simple triangle with each vertices representing content, contexts and process *(Appendix A - Model of Strategy)*. The model will form the basis from which to study and analyze the change process by comparing and contrasting the actual change to the model that is presented. All the aspects of content, inner and outer context and process discussed in this section are the definitions and opinions of Andrew Pettigrew.

The context of change is viewed from both an inner and outer contextual basis and is the "why" of change. The inner context looks at the firm's history, structure, corporate culture and political context. The outer context refers to the economic, business, societal and political arena in which the firm operates. The content aspect of the model is considered to be the "what" of change or strategic content formulation. This part of the analysis reveals the content of the chosen strategy and also provides information on the alternative strategies and the analytical processes that were involved in deciding on the former. The process of change is the "how" of the chosen strategy and gives information on the actions, reactions and interactions of the interested parties (Pettigrew, 1988). It is the interplay amongst the three areas at the chosen level(s) of analysis the constitutes an understanding of the dynamic nature of the change process. This ability to provide a linkage between the three areas is an analytical challenge. The change process will be viewed in terms of the manager or change agents ability to effectively alter the structure, culture and strategy of the organization. The method by which the managers are able to effectively manipulate the contexts around them to sustain legitimacy to change will be studied. Within the three areas of change to be analyzed is the decision regarding the level(s) of analysis to be employed. The problem that occurs is the lack of a theoretical apparatus to link the levels of analysis. The levels of analysis that will be studies are the group level and the firm level.

Outer Context

The outer context of the model is referring to the macro or national level. It is considered to involved four areas: conomic, business, political, and societal. Strategic change will occur within this context and is considered to be constrained and enabled by the outer context within which it resides. The outer context is the frame of reference for the firm and this aspect of change is difficult theoretically and empirically to ascertain. The broad social and economic trends surrounding the firm will be described and analyzed to see how these aspects impact upon the change being undertaken. The societal context is comprised of systems of justification in order to give legitimacy. Some examples of the societal context are the content of work, language, technology and values. The changing environment of the economic context also affects the organization by impacting on the quality of relationships and the balance of power, especially between management and trade unionists. Corporate and divisional policy will be observed to obtain information on the changing nature of the economic performance and the competitive ability of the firm over a number of years, in order to understand the impact of the outer context on the functioning of the firm. The approach that a firm takes to ensure competitive viability is in part a response to the outer context within which it presides.

Inner Context

The inner context refers to the structure, culture and politics of an organization. This aspect of the model is probably the most intangible aspect to observe and describe, and yet it is of utmost importance. The inner context is simply trying to keep pace with the outer context. Examining the leadership style, the dominating frames of thought, the personal management style, history, people and organizational structure and systems, will help to explain the changing policies of the firm. When considering the structure it is necessary to note that it is not just the formal structure that is to be observed, but also the multiple structures that are produced by various actions of people in the organization. One aspect of the study will be to analyze how the change agents have used the culture, power distributions, and political processes to garner support or to fend off opponents. It will also be necessary to record the changes that occur in the various groups within the organization. That is, which group or

individuals gain from the change, which lose and which groups are left unaffected. The inner context is also the area to observe why particular proposed changes never get off the ground, why some are given attention and still others are already implemented. The concepts of the inner context that will be discussed are culture, politics, power and perceptions.

Inner Context: Culture

Culture has been described by Pettigrew as the beliefs, meanings and rationales used to legitimize action within the firm. Combining culture with the language of the organization will form the codes and rules that inform those actions. Culture does not take on only one life within the firm, but sub-cultures can also occur within different departments or divisions. The symbolism, language, beliefs and myths are used to help provide both legitimacy and delegitimacy. Metaphors and myths are used in an organization to help simplify complex ideas. The language of the firm provides coherence and also forms a link between the current values and environment of the firm. Providing legitimacy to the present and thus justifying continuity is another role of the language. There exists a bias in the structure and culture of an organization. This is evident in the protection afforded to the dominant groups through the structure, strategy, and culture, and connection to the system need. This bias will not only protect the dominant groups, but also will be used to mobilize the intra-organizational context and the socio-economic context to legitimize the existing definition of strategy, new priorities or to delegitimize the threat of doubters or opponents. the resistance that is evident from either groups of doubters or those opposed is usually experienced during the decision phase of change, not the implementation phase. The culture can be utilized by the change agents to control the activities of the doubters or opponents and this is viewed as social control tactics.

Inner Context: Politics

Politics refers to the internal distribution of power in the organization. Politics can affect strategy in both indirect and direct means. This can occur in either the formulation stage or in the implementation phase. Pettigrew calls politics the management of meaning and control, seen as the political process of "meaning construction and definition in which parties fashion and negotiate how actions and values

represent themselves in the identify of relevant others in order to control or escape the possibility of control" (Pettigrew, 1985, p.48). There will be differing results on the resources that will be affected by the proposed change, and the differing results can be studied in relation to the various groups and their political power. Power and politics go hand in hand, it is difficult to look at one in exclusion to the other.

Inner Context: Power

Power within an organization is obtained by one or a combination of several means. Expertise, position, force, possession of resources and sphere of control are all sources of power. Power is a forceful tool that can be used to manipulate symbols, language, beliefs and ideology. The social control tactics that utilize power can be expressed either subtly and/or tangibly. An example of a subtle form of social control would be through characterization of labeling. Some of the more tangible forms of social control would be the recruitment process, the withdrawal of resources or the termination of group activities (Pettigrew, 1985). the key or dominant group is usually the group that also has considerable power that can be used to manipulate attitudes and behaviors as well exert social control tactics. The antecedent conditions of power can both constrain or enable a proposed change strategy. The power relationships and how they change in the time-series analysis, with consideration to the outer context, can provide insightful knowledge on the formation and shaping of the present power in the organizational structure.

Inner Context: Perception

Perception forms a very interesting piece of the inner context puzzle. the time frame chosen will affect the perception or frame reference. Pettigrew has mentioned that most research on strategic change is done with *a priori* of knowledge and uses hindsight which biases the reporting. It is necessary to uncover the perceptual and subjective vision that the manager possesses to better understand the context from which the manager perceived the challenges. Understanding the perceptions and leadership skills of the change agents is essential to on covering the change and continuity present in the complex interplay of external and internal factors. These leadership skills and perceptions of the manager will be responsible for direction, enabling and constraining the influences of the social, economic and

political change that is to occur. Both real and constructed organizational crises, and the established power structures and cultural systems in various parts of the firm, will exist in part because of the complex interplay of external and internal factors and the way in which these are perceived. the political process requires that the change agents have information and perception in understanding the political and cultural system of the organization. The understanding and perception impacts on the changing economic and political trends since they can then benefit from being able to influence the direction of strategy development. It is obvious that the context and the perception of the context is an important aspect of mobilizing support for the proposed strategic change.

Content

Content in the change model involves the dominating frames of thought, the central or key objective contained in the strategy, the source of the strategy and the extent to which a strategy anticipates the means of implementation. Pettigrew states that the content is the product of the legitimization process which is shaped by political and cultural considerations, and is expressed in rational and analytical terms (Pettigrew, 1985). In order to formulate the content of a strategy, it is necessary to first manage the context and the process of the new strategy.

Process

The process aspect of the model of strategic change is a combination of political and cultural analysis of organizational life. Pettigrew states that the processual dimension is most elusive and critical aspect to the model. It is through the processual analysis that it is possible to capture the dynamic aspects of strategic assessment, choice and change. The process is the account of the events which occurred over the long term and the pattern of those events which led to the conception and formulation of the strategy. The process of strategy can be identified by observing the managerial assessment, choice, and change as well as the interplay that occurred between the content and the contexts of strategy. Process is simply the unfolding context of change. The process of strategy development is shaped by the interests and commitments of various players as well as the interplay between the various contexts impacting on the organization. Process can be viewed as either a front-stage decision making process or a back-stage decision making

process. Front-stage refers to the openly discussed and decided upon pathways and outcomes of the strategic change process. Back-stage decision making is the process by which certain ideas for change are given support or are otherwise suppressed but are not debated, discussed or decided upon. Pettigrew provides six steps that enable the research to analyze the process. These steps are:

1. Describe process(es) to be examined, including conflict, decision making or changing;

2. Expose variability or constancy in the above descriptions;

3. Begin analysis of the above with process theory;

4. Pinpoint level of analysis in context and some of the variables in the different levels of analysis;

5. Having established levels of analysis and categories in the context, begin describing and analyzing any variables across contexts through which the processes are enfolding. Also, analyze trends and develop in various contexts through time; and

6. Begin to consider alternative criteria by which to judge outcome of process understudy.

These six steps not only clearly delineate the method by which to uncover the process, but also they provide an explanation of process.

Part of the process analysis is what Pettigrew terms "contextualist analysis". He states that the contextualist analysis involves observing both the processual analysis or the interconnectedness between the history in present and future time, and also the interdependence of the socio-economic environment and how it impacts the intra-organizational context and interest group behavior. Put simply, it is a unified theoretical analysis that combines political and cultural views of process, and clarifies a methodological approach to process analysis. Contextualism then is, "meant to engage a process analysis of action with features of intra-organizational and social, economic and political context" (Pettigrew, 1985 p.42). The four features that must be present for a contextualist analysis are:

1. That the levels of analysis be clearly delineated but theoretically and empirically connectable, within each level existing a specified set of variables;

2. The past, present and future processes must be described accurately and clearly, and it is imperative that the past and future relate to the present;

3. Process analysis requires a theory or theories to drive the process relationship; and;

4. The process can not simply describe the process or be reiterated as a set of constraining antecedents, but it must be analyzed as shaping structure and also constrained by structures (Pettigrew, 1985).

In referring to the first prerequisite above it is important to note that when referring to the actor, that the verbs used are ones such as interacting, reacting, responding and adapting, whereas the system level of analysis would be described with verbs such as emerging, mobilizing, dissolving, transforming and elaborating. In analyzing the processual dynamics it is also interesting to uncover the ethnography of the change process. Ethnography is the study of a sub-cultures beliefs, behaviors and values. It describes the subculture and gives it meaning and legitimacy. The ethnography of strategic change involves finding out who had the idea for change, who did and who did not support the change and why, and also how the interested group was able to get the idea across and how those opposed to the change reacted.

Strategic change with the complex interplay of all the various competing factors is a difficult process to study and to fully comprehend. However, it can be approached with a sound theoretical base from which to analyze the process. The model supplied by Andrew Pettigrew provides a comprehensive and holistic method of describing and analyzing the change process. The organization is viewed as an active participant within the outer context but also is made up of an inner core that is trying to keep pace with the outer context. Looking at a firm over a long span of time assists the researcher in becoming more knowledgeable of the full interplay of content, contexts and process as well as the intricacies of the unique and dynamic nature of the culture and structure of the firm.

CHAPTER 3 - METHODOLOGY

Research Site

This research took place at a quasi-governmental organization that is responsible for rehabilitating industrial clients and helping them return to gainful employment. This rehabilitation facility has approximately 150 full time staff equivalents and was composed of several discipline specific and administrative departments. The yearly number of clients attending the facility ranges from approximately 2100 to 2500, and there is also a significant number of outpatients served which number approximately 8000 per year. The rehabilitation facility employs: psychologists, medical doctors, physical therapists, occupational therapists, exercise therapists, case managers and support staff. The facility is part of a larger organization that is situated in Edmonton, Alberta. It is a large complex that attempts to improve the physical and psycho-social functioning of the individual attending the facility for an average length of stay of six to eight weeks. There were eight treatment teams with six providing work hardening programs to occupational groups. For example, I was a therapist on Team C that treated clerical, or light to sedentary, job duties. There were also teams for drivers, skilled tradesmen, general laborers, etc. A client would receive an evaluation upon admission by the doctor, physical therapist, occupational therapist, exercise therapist and psychologist. The team would then meet and report their evaluation findings and devise a specific rehabilitation program based on the client's needs and occupation. The client took part in the goal-oriented treatment plan and would also be responsible for goal-setting. The intent of a work hardening program was to progressively increase an injured individual's work tolerance through real or simulated work, classes, therapy and conditioning. The facility was an excellent place to conduct a study of strategic change since I had been an employee for over five years prior to commencing the MBA program. I was also working at the facility during the summer that the change was being formulated and implemented. I observed and recorded the transition from a department based organization to a program management structure.

Methods, Measures and Data Collection

The methods of data collection had a dual purpose. One was to learn as much as possible about every aspect of the

change process from as many data collection sources as feasible. The second purpose was to draw out the pertinent aspects of the change process as they related to Pettigrew's model. Prior to conducting the interviews, notes were made from all the documentation and observations regarding any aspect of the change that revealed some portion of Pettigrew's model. The interview questions were developed by reading the two books of Pettigrew's cited earlier and writing down all the sub-components of each of the areas that he feels are important pieces to the overall change analysis. The answers to the questions from the interviewees were recorded on tape, then transcribed to paper, and finally grouped into like responses to arrive at a portion that answered similarly. Each aspect of data collection will be given further attention in the following paragraphs.

The research will take the perspective of the author who was able to observe in a real-time fashion the change process as it unfolded. As a past employee of the Rehabilitation facility, some of the information and knowledge comes from a span of employment that lasted just over five years. The strategy formulation, and aspects of implementation, had begun seven months prior when the author was made privy to the planned change in July of 1992. Therefore, the method of data collection included both retrospective and current data collection techniques. These consisted of perusal of written documentation, informal meetings with key individuals, attending meetings, observing, and conducting semi-structured interviews. The intent was to get as clear and accurate a picture as possible of all the relevant material and actions that helped to shape the change process. The data collection started immediately upon the approval of studying the change process in July of 1992. The data collection continued until the six month review meeting in July of 1993. This was considered the end point of the study process. Following is an expansion of the type of data collected and method used within each of these categories.

Written Documentation

Written documentation consisted of: management meeting minutes, budget and planning documents, presentation handouts and slides, transition team meeting minutes and recommendations, journal articles on program based management, individual feedback from each of the Assistant Supervisors, and several newsletters written by the Director

to all staff on a monthly basis called ***'The Progress Note'***. *(Appendix B - The Progress Note)*

Meetings

Many informal meetings took place with the Director of the Rehabilitation Facility in order to try and understand all aspects of the thought process since it's inception as an idea amongst a few individuals three years prior to the change. This could be called 'trying to get inside the head of the manager' since in essence the many meetings were spent discussing all the various thoughts, issues, antecedent conditions, and reasoning that led to the eventual decision to proceed with the strategic change. Some of these meetings were informal with the author taking notes, while others were more structured with sets of questions and a tape recorder. The information that was obtained relates to all three of Pettigrew's areas in the management of strategic change, i.e.: inner and outer context, content, and process. There were also some informal meetings with two employees who had been at the Rehabilitation facility and were currently in positions with the downtown office. These two individuals were able to provide additional information regarding the state of the larger organization and it's role in the strategic change process. One of these individuals had been one of the main proponents of this strategic change when the idea was originally considered three years prior.

Observation

Participation as an observer was allowed in the 'Transition Team' meetings that were held every second week from the end of October to the third week of December of 1992. These meetings and their content will be discussed in greater detail during the results section of this thesis. These meetings were attended by an elected delegate from each discipline and administrative area. The purpose was to discuss and make recommendations on the operational aspects of strategy implementation as it applied to the various areas/departments. Participation was also allowed at a meeting that was conducted on September 15th, 1992. In attendance were the Director, Managers, Supervisors, Assistant Supervisors and Clinical II's (senior clinicians). This meeting was the first announcement of the impending change. The following week the same presentation was made to all staff. The meetings represent significant events in

the overall process of change and will be given further attention in the results section of this thesis. *(Appendix C - Directors' Presentation)*

Observations were formed during the time spent at the facility both as an employee and as a researcher. Since the interviews and meetings required a significant amount of time to be spent at the facility over the course of the change period, it afforded the author the chance to get a 'look, feel and taste' of the inner context. Observation would also form part of the information gathering process that took place during the various meetings and interviews.

Interviews

The semi-structured interviews provide the bulk of the data collection process. The interviews were conducted with a total of fifteen (15) individuals. The majority of these individuals were either Assistant Supervisors, Supervisors or Managers. They were all individuals that had been made privy to the proposed change before the announcement to the general staff. Some of the individuals interviewed were not part of the decision making process, but had attended meetings at which there was discussion on the proposed change, while other individuals had been directly involved in the decision making process from the very outset. The group interviewed represented a good cross-section of the rehabilitation staff as a whole. The interviews were semi-structured involving a list of questions prepared in advance with the order of questioning not necessarily adhered to, nor were all the questions appropriate for all individuals. The questions asked would often lead to other questions posited later within the interview, or would not be appropriate for that particular individual, depending upon his or her level of involvement in the move to program based management. Also, information could be sourced by simply allowing the person to talk freely about his or her experience during the process which would often lead to events or circumstances that had not been previously made known.

The interview structure was built around Andrew Pettigrew's model of strategic change and contained a total of thirty-three (33) questions that were aimed at sub-components of the inner and outer context, content and process. The questions were also formulated to assess the impact that the change process had upon the various levels and departments in the structure of the organization. It was hoped that

from these interviews would emerge a pattern or consensus about the nature of the process of strategy formulation and implementation. The questions that were put forth and the area(s) which each represents will each be discussed in turn.

A note of caution is warranted at this point as there does exist an overlap between the areas covered by the various questions. For example, the content of the chosen strategy has the purpose of bringing the inner context into line with the outer contextual forces. Therefore, the content of strategy answers would often contain elements from each of the other areas of the model. This note of caution warrants particular attention during the discussion of process because by it's very nature, process is a combination of the manager's ability to make assessments, choice and change with the interplay of the consent and contexts, or as Pettigrew calls process, the "unfolding context of change" (Pettigrew, 1988). It is therefore obvious that there is no clear delineation between the areas but the existence of some interdependence. A complete list of the interview questions appears in the appendix. *(Appendix D - Interview Questions)*

Interview Process

Each interview would commence with the interviewer explaining the nature of the research that was being conducted and that total anonymity was ensured. It was made clear that the individual should not worry about 'right' or 'wrong' answers, the value was in the their perceptions and opinions.

Content Questions

To ascertain the content of the chosen strategy there were several questions aimed at the individual's perception of why the particular strategy was chosen and what were some of the alternative strategies considered. Additional questions were raised about the group or groups that were affected the most by the new strategy and the problems or obstacles associated with strategy. Clarification was requested on particular alternative strategies that had been uncovered in the written documents and informal interviews.

Context Questions

The context questions were quite pervasive throughout the line of questioning, but the most substantial ones were based on the specifics of the inner context. The first ones asked how did the history, organizational structure and culture impact upon the decisions to go to program management and how have they affected the process of implementing the strategy. The next set of questions asked how culture, power and politics affected the change process. Finally, there were questions relating to a group perspective on which group was afforded more or less power, resources, and sphere of control, by the change process.

Process Questions

To begin the process line of questioning, it was often asked of the individual to try and chronologically give the interviewer a quick 'snapshot' of what major events had occurred in the change process. This produced dismal results, and was all but abandoned after several attempts with virtually no individuals being able to recall many events. The rest of the questioning was much more specific regarding certain aspects of the change process. The question was asked why the strategy had been 'rolled-out' in the manner that it had to try and get at not only the process of the change, but also to reveal the content and contexts. Questions on leadership, leadership style, drivers and opponents of change, and committed and non-committed players were asked to try and get a sense of the significant players involved in the process. Questions pertaining to decision making were asked in order to ascertain which ones had been 'front-stage' and which ones had been 'back-stage' decisions. The second to last question asked how the individual felt the overall change process had been handled. The last question asked what he or she would have done differently.

CHAPTER 4 - RESULTS

It is first necessary to give a brief synopsis of the events within the Rehabilitation facility from its inception up to the time of the studied change. The antecedent events that form a crucial piece to the overall change puzzle will be given much more attention than those that are historical reference points. The crux of the antecedent conditions is the process of accreditation that occurred approximately three years prior to the change period in question. Pettigrew outlines two forms of analysis: one is to report on the change period as it occurs in eras and sequentially discuss the content, contexts and process of the change; the other is to treat the data in a longitudinal fashion and to identify elements of the content, contexts and process at each significant time period. This thesis will attempt to discuss the results as an era with discussion of the content, contexts and process sequentially. The antecedent conditions will use the longitudinal approach revealing aspects of the content, contexts and process through the various phases of the change period. The last section of the 'Results' chapter will present a longitudinal synopsis approach which identifies key elements of the content, context and process.

The rehabilitation facility was opened in 1952. In 1953 it treated a total of 554 patients. The goal was to provide the patient with rehabilitation services with no explicit strategy needed as they had a virtual monopoly of the market. The culture was a health care-based culture that assumed accountability, and trust was implicit. The Facility operated under a typical medical model where the medical practitioner would diagnose the client and prescribe the necessary treatments within occupational and physical therapy. The Facility functioned under the medical model well into the late 1970's.

Health care provisioning was changing in the outer context with more emphasis on treatment that focused not only on the injury, but also problems that impeded rehabilitation that were a result of the injury. The services of psychology, addiction counseling and vocational programs were all added to the existing services at the Rehabilitation facility. In 1980 the strategy of the Facility progressed to a multi-focal model from a medical model of sequential therapy. The culture of the facility was still largely one based on the medical model. The team was still led by the Medical Doctor who would decide on which areas of rehabilitation that the

patient would attend, and the type of therapy within the areas as well. Championing the move to a multi-focal model was the Chief Psychologist who was knowledgeable about the advances being made in health care. He was also aware of the growing dissatisfaction by some of the other health care professionals in their inability to be equal players in the treatment of patients. Opponents to change existed as there were clinicians who were content with the old medical model and resented the changes and the addition of psychologists, whom they felt were not necessary in rehabilitation. It is important to note that although the medical doctor held the most power under the medical model, the rest of the clinical staff were also territorial, and a hierarchy amongst disciplines existed. New disciplines added to the rehabilitation team naturally entered in at the bottom rung of the hierarchical ladder. Sub-cultures existed as perceptions were shared within each department regarding other department's sphere of control, resources and power.

A new strategy was implemented beginning in 1984 as the facility again shifted in the type of model that it was operating under. The Facility had decided to move to a 'holistic' model from the aforementioned multi-focal one and incorporated this model in the new mission statement. The idea behind the holistic model is that the whole person is greater than the sum of his or her parts. The treatment of the whole person involved more than just rehabilitation; it involved aspects of health promotion, prevention and education. More services were added such at fitness and conditioning, internal education programs, preventative educational programs and orientation programs for new clients. This strategic change again was shaped by the outer context of the times; health care and societal trends were putting increased emphasis on education and prevention as tools to improve rehabilitation and to decrease repeat episodes. The inner context began to change as the therapists started to see their role change to educator and clinician. The language of the facility shows a shift in the culture. The person being treated was no longer being called a 'patient', but was now called a 'client' to get away from a culture based on 'treating', to one of 'enabling'. This holistic model still had vestiges of the old medical model as the medical doctors still had more power since they made all the decisions. The team meetings took place in the doctor's offices, the team name was that of the particular doctor, and reports on progress were made to the doctor.

Part of the strategy of introducing the holistic model was to recognize an individual's professional knowledge as unique and credible. This was a sign of the changing beliefs that existed within the rehabilitation facility's culture. Towards the end of 1986, the team began to function more as an interdisciplinary team. This involved each therapist performing his or her own assessment and then prescribing to the team what treatment he or she deemed appropriate. The medical practitioners had lost a significant amount of power since they were not able to determine the full course of treatment as they had previously. This change led to a significant loss of power since they were not able to determine the full course of treatment as they had previously. This led to a significant turnover in medical practitioners over the course of the following year. The teams were renamed to letters of the alphabet and started to find other rooms in which to hold the meetings. The cultural change had been set in motion. Team members were starting to be accorded equality, autonomy and respect for their disciplinary knowledge. However, therapists were still working on their own specific goals within their own specific areas, with the function of the team meeting still being more of an information and problem solving session rather than a true interdisciplinary approach.

The leadership aspect during this change was insufficient. The leader's style was predicated on the old medical model. He could see the virtue of the new model, but did not lead or champion the changes as much as was needed. These changes had never been formally announced and justified to the staff. Each department would form their own opinions as to why the changes were necessary. The bias in the culture and structure had begun to change. Some departments were being phased out, while other departments were flourishing. The skill sets of each new group brought into the Facility and their subsequent contributions to the rehabilitation process were never explained to existing staff, which caused fear and resentment. The problem with these changes was not the content of the new strategy, but the manner in which it was introduced, that is, meanings and rationales were not given to support the change. With little or no communication coming from the management group, the staff had little choice but to acrimoniously postulate as to the future of their jobs, their departments, and the nature of their work.

The inner context changed again when in March of 1988 there was an internal discussion paper released reporting on the shape of the future for the whole organization. Some of the recommendations made were to solicit feedback from the various stakeholders as well as the service providers. A task force was established and a new mission statement was cast with rehabilitation becoming a central element. Poor public opinion had always plagued the organization and the rehabilitation facility decided to address the problem by submitting to some form of operational review. It was concluded that the facility would procure accreditation from the Commission on Accreditation of Rehabilitation Facilities (CARF). This accreditation could serve the dual purpose of providing credibility to the various stakeholders as well as systematically undergoing an external review process to ensure quality health care. These concerns and changes were all prompted by the realization from the larger organization that the inner context must submit to some of the demands occurring in the outer context.

The main content of this strategic change in 1988 was one of accountability and credibility to the stakeholders and the public. The strategy had changed from one that was primarily concerned with the internal functioning of the Facility's systems and staff, to one that was taking into account the outer context and distant elements of the inner context within which they resided. The strategy was to have the rehabilitation facility become accredited as a work hardening facility under CARF since that program most resembled what the Facility had been providing.

This new strategic direction was lead by the new Vice President who had been appointed shortly before the discussion paper and task force analysis. He was from private enterprise and had been selected with the intent that he would shake-up and shape-up the entire organization. His style was loud, authoritarian and rhetorical. He had a huge task in front of him and did not have time for dissidents. Similarly, the managers at the Rehabilitation facility had passed on the edict to the staff with little or no explanation as to the process, the need for change, their role or the desired outcome.

Outside consultants had been hired to assist with the process of readying the Rehabilitation facility for the accreditation process that was to occur in June of 1990. The changes that needed to be put in place for accreditation covered every aspect of the entire Facility and the pace of

change was breakneck. The consultants had a huge task with little time and they were not concerned with the inner contextual issues that have to do with the culture, structure, politics or perceptions. The management also failed to adequately communicate with the staff. The Director at the time had a style that was more conducive to a consultative style. It was difficult to know who was driving the change and this only served to further the confusion. The combination of rampant changes, inadequate information, lack of leadership, and outside consultants from the United States, caused an incredibly distraught staff. The consultants became the scapegoats as the staff expected them to take on a managerial role of providing justification and to assuage their fears. Besides being scapegoats, the fact that they were from the United States made them all the more despised. The staff saw the change as an adoption of American health care that was not conducive to the Canadian scene. The fear and anger that was precipitated by poor management of the change process escalated as time went on. The turnover rate for the change period of approximately six months ran at around 25%. This number seemed to be higher since most of the turnover happened in the span of a few months that were at the end of the change period. On one occasion three staff handed in their resignations at the same time to make a point. The morale reached an all-time low toward the end of the change period, the staff perception was that 'management' was in it for themselves and did not care about them. It was a brutal example of 'change gone wrong'. The culture of the facility was one of confusion, anger and fear.

The content of the strategy began to change as the process occurred. Originally the accreditation was to ensure an operational review and to help improve credibility to the various stakeholders and public. With the unfolding of the change process, which was driven mostly by the consultants, it became clear that the work hardening model could significantly improve the efficiency and effectiveness of the rehabilitation offered. The work hardening model was centered around teams that were based on occupational groups as opposed to the site of the injury (e.g.: lower back). The work hardening program would address the biomechanical, neuromuscular, cardiovascular and psycho-social functioning of the individual in combination with real or simulated work conditioning tasks. The team was to function in a true interdisciplinary manner by having team members work on the goals of the team in unison, as opposed to each discipline only addressing their goals in their areas. The systems

used to delivery this type of program were highly structured, goal oriented and outcome based. Systems changed as a program evaluation system was also put into place to track efficiency and effectiveness. The message began to change as supervisors and managers could see how this new model could improve the productivity and effectiveness of the Facility. But because the main or key objective had now been transformed into a new pseudo-strategy, the majority of the staff were more confused than ever since there was no leadership or communication and an unclear objective. The understanding of the front-line staff depended on their information sources which varied considerably.

The change process was successful in that accreditation was granted in the summer of 1990. Staff were bitter, tired and morale was still extremely low. The staff needed time to digest all the changes that had occurred within the last year and to become competent with all the new systems. A new Director was now in place and he was anxious to expand on the newly made changes to further improve the efficacy of the new model. Any changes that were introduced during the next year, no matter how small, were met with resistance and resentment. The structure and culture of the inner context needed time to adjust.

The inner context had changed drastically. The physical structure, systems, reporting, goal-setting and procedures had all changed. The power structure within the team setting had changed phenomenally as well. No longer was the medical doctor the leader of the team, nor was he accorded more power. In fact, the tables had turned so much that the doctor had actually lost power to the point that they were no longer considered a necessary component on the team on a daily basis. That is, most teams did not have a physician in attendance for the team meetings. This was also due to the fact that the team meetings all took place at the same time each day, whereas before they would accommodate the doctor's schedule. Since the doctor's were on contract, and many were part time, most teams did without a doctor in attendance. The changes of the past year combined with a substantial number of new staff, led to better cohesion amongst the team members. The culture had diverted somewhat from a protective territorial one, to one that relied on team cooperation and synergy. The work hardening model placed equal emphasis on each team member's skill and expertise. The territorial nature of the discipline's still existed but decreased significantly.

The fact that the content of the change was supported by the central component of the work hardening model, was a serendipitous occurrence. That is, the work hardening model was chosen because of its resemblance to the prior holistic treatment model. It was not chosen because it tracked outcome of programs or client and other stakeholder satisfaction.

Operational systems were put into place that would track both the ongoing progress of the client after discharge, as well as satisfaction with the service. The other stakeholders were also allowed input and were regularly polled for satisfaction with the services that the Rehabilitation facility was providing. Clients now had to give informed consent before starting any program, and would also be part of the team goal setting process. A former client was also secured as a consultant who would liaise with staff and clients. These changes were an inherent part of the work hardening model, but also fit in nicely with the original strategy's objective to become more credible and to improve public opinion and awareness. This inner contextual change was also an effort to fit the outer context's emerging societal view that consumers should be better informed and allowed to play a greater role in their health care.

The outer context changed once again when this same year the first private clinic offering rehabilitation services for the same type of clientele began its operation in Edmonton. The Facility no longer had a monopoly on the market for their type of rehabilitation services. Add to this the state of the economy with the recession, and the escalating costs of health care, and one can see the new challenges that faced the organization. It was during this time that the announcement had been made by the Vice President that the rehabilitation facility's budget would have to be reduced by 5% per year, and that productivity must improve if the facility was to remain open. The message was clear that with the advent of private clinics, and a rehabilitation facility that had been losing money, the time had come to prove that it could be fiscally responsible, or risk privatization. The inner context was again transforming to try and stay viable within the larger context.

It was around this time that three of the Facility's managers sat down to devise a three year plan for the Facility. With the knowledge of the budget cuts that had to

be made and the introduction of competition, they realized the need for a flexible organization capable of meeting fluctuating demands in a number of programs other than work hardening. The three year plan stipulated that the budget reduction would be met each year through attrition, productivity increases, outcome improvement, five work hardening teams instead of ten to re-allocate resources to other programs/services, and a move to program-based management. This move to a program management model from a departmental one was originally introduced by one of the outside consultants. It was considered to be the next logical step for the organization to take. With the services no longer being based around the departments, the argument went that the organizational structure should reflect the program based operational form. The management group knew that the changes had been extremely hard on all staff and that to try and introduce yet another change at this time would be suicidal. It was not even considered an option at the time, but the idea and its potential were kept in mind by a few key individuals.

The Beginning of the Change Period in Question

The Manager of Professional Services had been one of the original three managers that had devised the three year plan after the CARF accreditation. In December of 1991, he decided to inject the next day's management meeting with a little controversy. He had been reading up on the management of strategic change and knew that in order to start a change process, one had to fabricate a crisis. At home on his computer the night before the meeting, he formulated a one page handout that outlined the departmental supervisors role/responsibilities for their departments and for the programs. The message was succinct and clear: the supervisors responsibilities were compatible with departmental issues where as program responsibilities were at best met with a "mix of intent/goodwill". *(Appendix E - Specifications - Supervisors/Programs)* Since the rehabilitation facility's outcomes were based on the programs that if offered, it made sense to the Manager of Professional Services that a supervisor or manager should have program issues forming the bulk of their responsibilities. In hindsight this seems an obvious observation, but at the time it caused an uproar. This was exactly what the manager had hoped would happen as he expected it to force the issue, and eventually a decision. Both the Director and the Vice President of the organization agreed that the change made

sense, but they were reluctant to initiate any change since they felt the staff were not yet ready and they did not want to incite what they referred to as 'CARF II'.

The Manager states this move was a deliberate attempt "to create a sense of urgency" and saw the conflict it caused as positive, he states: "People are afraid of conflict, they see it as a sign of something going wrong, I see it as a sign of things moving". This incident set the stage for the eventual period of change to program based management.

The analysis of the change from a departmental based model to a program management model will take two forms. First, a brief chronological description of the change process by relating the key events and players; secondly, an analysis of the content, contexts and process as outlined by Pettigrew's model of strategic change. Then, an overall chronological synopsis containing the key elements of the content, contexts and process.

The idea of going to a program managed model began to be debated in the management meetings in the early part of January 1992. On January 20th the supervisors were assigned the responsibility of 'Program Sponsors' and held their first meeting: "to discuss what the shift to program (based management) might look like and what needs to be done to ensure a smooth shift". These meetings were called "Program Operations" meetings. In February the existing Director left and the Manager of Professional Services (the main champion of the change), was appointed as the Acting Director. He saw this as his opportunity to enforce the move to program management as he now was in a better position to do so.

Starting in February, the Acting Director appointed the Manager of Administration to begin the process of program costing and the development of cost centres. They felt it was necessary to determine the costs of running the programs so that they could start budgeting by program rather than department. Since the cost of the programs had always been hidden within the departmental budgets, there was no way of providing a cost/benefit analysis. They felt the programs could then be treated as product lines with a profit/loss analysis and the opportunity to establish a more competitive stance and also to help meet the 5% reduction in budget. The program costing portion of the change process was not completed until August of that same year.

In March the Assistant Supervisors of professional services joined the Program Operations meetings. This was the first time that the Assistant Supervisors had been made privy to the impending change to program management. The objective of the meeting was to work out the various issues that had been identified with a shift to program management. It was at this meeting in March that a pivotal decision was made, the decision not to communicate the change to the rest of the staff. This decision is summarized in the meeting's minutes as follows:

> "Communication plan to staff-group felt that decision re: this item were premature until group had discussed and confirmed roles of committee, program sponsors, department supervisors and managers. Minutes of this committee will be circulated to staff."

This decision and the reasons behind it are discussed in more detail in the content portion of the analysis.

In June the Acting Director was officially made the Director of the rehabilitation facility. During the summer months he produced a monthly newsletter called ***"The Progress Note"*** that was circulated to all staff. *(Appendix B - The Progress Note)* These newsletters informed staff member of the many business issues that management was dealing with and also vaguely eluded to the impending change to program based management.

In July a questionnaire was distributed to all staff that requested that each individual briefly summarize their abilities, training and career aspirations. This resume synopsis was used to ascertain the human resource potential within the centre and to see if individuals might add more value in different positions in the new organizational structure. In August the change to program management and the organizational chart are given approval by the Vice President of the organization. *(Appendix F1, F2 - Organizational Charts)* The original plan had been to announce the change to the staff that fall and to go straight into program management shortly after the announcement. But in August it was decided that it would be better to announce the changes to the staff in September, and then to form a team of delegates from each department and discipline to work out some of the operational issues for a set period of time. This group of delegates was meant to ease the transition between the time of the announcement

until the date of implementation; hence the 'Transition Team'.

At the end of August the Director met with the Assistant Supervisors both individually and as a group. He wanted to solicit their feedback on the proposed change. He was interested in finding out where they thought they would fit in and also how they envisioned the new organizational chart. He also asked for a brief job description from each individual to get a better idea of their current duties so he could determine where they might have the greatest value in the new organizational structure. This was the only group which had this opportunity since it was recognized that they probably would be the group most affected by the organizational change.

The official announcements to the staff occurred in two meetings. The first was held on September 15th with the Director, Managers, Supervisors, Assistant Supervisors and Clinical II's in attendance. The only individuals at this meeting that were not formally aware of the change were the Clinical II's, which is a designation for senior clinicians. At this meeting the Director made the presentation that outlined all the reasons for going to a program-based management structure, and he also used this opportunity to specifically ask for the help of the Clinical II's in easing the transition to program management by being champions of the change for the rest of the staff. The next week the meeting was held to announce the change to program management to all of the Centre's staff. It was also announced that the 'Transition Team' would be struck with delegates from each discipline and department to help work out some of the problems and issues. The purpose of the team was as follows:

- "To provide guidance to management on the process from shifting to program focused organization.
- To act as a resource to staff regarding information about changes (communication).
- To develop procedure/guidelines pertaining to hiring involvement, peer review, internships/training/practicums/performance evaluations."

The recommendations would be given to management for ratification at the end of December 1992. The Transition Team began meeting bi-monthly from the end of October until

mid-December. The recruitment for the three manager positions and the program administration selection began on September 21st. This selection and recruitment process was completed by November. As these positions were filled by internal staff, the individuals had to fulfill dual roles for several months.

The Transition Team presented their proposal to the Director on December 18, 1992. The document was eighteen pages in length and it provided recommendation in procedures and various concerns. On January 11th the Director responded to the Transition Team's recommendations. Of the sixty-three (63) recommendations, fifty-eight (58) were accepted, four (4) recommendations were accepted with modifications, and one (1) recommendation was rejected. The Team was asked to reconvene every three months to share success stories, trouble shoot and to give recommendations for further change. These meetings would continue for one year. It is important to note that not all staff were involved in true program management as of the date January 4th, 1993. There were two groups that had been left out of the program management structure, largely due to the fact that it did not affect them directly. These two groups were the support staff and the medical doctors. Other reasons for this decision will be given more attention during the content, contexts and process section. Within the first six months of full program management, both groups had become part of the program management model. The support staff were recruited in April 1993, and the medical practitioners were recruited in July of 1993.

The study formally ended with the transition teams meeting six months post-implementation. This took place on July 14th, 1993, and involved all transition team members reporting on their departments overall feedback on the change to program management and any further recommendations. As an observer, I was allowed to attend this meeting. The meeting was very brief as the concerns and recommendations were minimal. Everyone reported that overall the change had been smooth and relatively uneventful.

In looking at the chronological description of the strategic change process, it becomes clear that the process involved aspects of both strategy formulation and implementation. Formulation was not completed before implementation had begun. This is in keeping with the findings of Whipp, Rosenfeld, and Pettigrew where they state:

> "Furthermore, our approach allows us to questions one of the restrictive orthodoxies in the strategy literature, that strategies are first formulated and the implemented through rational linear processes". (Pettigrew, 1988, p. 51)

The program costing systems and budgets were in place before all the staff of the rehabilitation facility knew of the proposed change. Also, program operations meetings had been conducted for months that addressed many of the key issues. The organizational chart and recruitment had been implemented prior to the date for full program management. The date for full program management commencement was January 4th, 1993. The individuals who had been recruited and had been performing aspects of both their old and new duties would also make the transition to their new position on this date.

Results of Interviews

The results from the semi-structured interviews will be discussed in terms of Andrew Pettigrew's model of strategic change. Content, inner and outer context and process will be analyzed with reference to the chronological order of events that shaped the change process. Once again it is important to note that some of the questions posed do note easily fall into one of the above categories, but instead contain elements relevant to more than one area.

Content

The focus of the content aspect of the organizational change is the main or key objective. Of the fifteen (15) responses to the question: 'What was the main or key objective to the change?'; twelve individuals cited the ability to secure outcome-based results and to align staff to programs rather than departments. They also cited the ability to determine the true cost of running programs, efficient management, and effective budgeting, as adjuncts to the overall objective. One individual responded that the change afforded clearer business objectives and relieved cross-alliance (matrix) pressure. One individual also said that: "officially the objective was to align people and loyalties to programs and facilitate functioning; but unofficially it was meant to break-up the Work Evaluation Department that was considered to be too powerful". Another individual simply reported "survival of the organization" as the answer to the main or key objective question. One person saw the

change as proving to the stakeholders and general public that the rehabilitation facility could be "flexible, shift paradigms, and implement a dynamic and progressive model".

Another person thought that the key objective to the change was to: "have staff and resources together; have the group all together". The majority of respondents (87%), stated the main or key objective of the organizational change was to improve overall efficiency and effectiveness by eliminating the matrix that caused cross-alliances, and also be able to determine program cost.

The next question that addressed the content portion of the strategic change was the question on: "What was the chosen strategy for implementation of program management?" and "Why was this particular strategy chosen?" People found this question very difficult to answer since many of them had not considered this aspect of the change process. Of the thirteen individuals who answered the question, five people answered that a ground-up or participatory strategy was utilized to implement program management. Some of the quotes were: "the implementation tried to create an 'aura' of open communication because they needed and wanted buy-in". Another individual stated that the implementation strategy was: "a ground-up, facilitory approach as we knew where we wanted to get to and had worked the problem backwards". Three of the individuals stated that the strategy for implementation was to: "get buy-in at various levels, it was necessary to get the larger groups on-side first and let the hold-outs observe the process". The term 'hold-outs' was referring to the group or groups that were believed to be more difficult to get on-side, which was referring to the support staff and the medical doctors. The reason given for the support staff as being difficult to change was because they had just recently undergone a change in systems and structure, and had only recently felt comfortable with their new structure (typing pool). Also, the Director noted that: "they are already in program, but they are not yet assigned to it". The medical doctors were also left until later because they were considered generically within the health care industry to be resistant to change. Another individual said that the strategy was to implement the change as quickly as possible without input because it needed to be done to survive.

The Director stated that his strategy was to start with the largest group first and get their support, and then continue on down the organizational structure. He also said that a

main part of his strategy was to show people the "gaps and problems associated with the current model and how even simple decisions were drawn out and problematic by the split allegiance" [between program and department]". He also stated that part of the strategy was for him to initiate the change quickly during the 'honeymoon' period of being the new director. Lastly, one of his main strategies involved using the 'influencers' of the rehabilitation facility to help him implement the change. He realized that these people were the individuals that most people looked to for help. He felt the Assistant Supervisors and the Senior Clinicians were the 'influencers'.

Three individuals stated that there was not a chosen strategy. One individual said that the essence of the strategy was that it was: "Not necessarily a set, chosen strategy, it was more an evolution towards program based management. Then it was a 'communication' strategy on how we tell/show people we're already doing it". The other individual laughed and said: "Strategy? As if we had one!" . But then went on to say that the strategy was to: "Start with program costing and also to look and see if the staff were in the right places". Another respondent also felt that it was not a strategy so much as it was a necessity to first try and get the supervisory group behind the change. The strategy became one of: "Since the supervisors were not supportive, they were biding time to make it acceptable to them before going to the staff, and the supervisors were also trying to finesse their way out of it". This individual then went on to say: "Politically and personally we would look like we were supporting, but we would discuss amongst ourselves behind closed doors". It is interesting to note that these three individuals were all involved in the process since the very beginning. It was more of the assistant supervisory group was more apt to report the chosen strategy as being facilitory. In summary three of the thirteen individuals answered the question more in terms of the main objective question. Four individuals answered that there was no chosen strategy, that it was an evolutionary process. Five of the individuals reported a participative or facilitory strategy, and one individual reported that the strategy was to implement the change as quickly as possible.

The next aspect that dealt with the content of the change was to try and find out what had been the alternative strategies considered and the reasons for abandonment. This proved to be an interesting question as many individuals had

not considered alternative strategies and therefore found it difficult to answer. Sincere there were some alternative strategies that had surfaced with perusal of the documents gathered, it was necessary to ask about specific incidents if they could not answer the question. The two alternative strategies that had surfaced were that originally the change was going to be implemented in the fall of 1992, and the other was a decision in March not to share the information with all of the staff.

The answer to the blanket question on alternative strategies received a total of fifteen responses. Four individuals said they were not aware of any alternative strategies. Two individuals said that there were many alternatives considered to the organizational chart and that dozens of iterations had existed and had been eliminated for one reason or the other. Two other individuals stated that one alternative was to go into program management even faster than they had; which refers to the fall implementation strategy. Three of the individuals answered that a pilot team had been organized that had all individuals of the team working in the same physical space. This was done because it was thought that the team members would feel more a part of the team and that they might be able to get the same results as with program management. The idea was abandoned as the results showed that inhabiting the same physical space did not increase the program or team allegiance. Four of the respondents said that the matrix model had been considered and then abandoned. It was tossed around as an idea to 'reinforce program focus through or via the departments'. The Director stated that the alternative strategies were to either do nothing, implement the change with no chance for staff input, or to keep the matrix model and try and improve the programmatic focus.

When the individuals were asked specifically why the decision had been made in March to withhold telling the staff of the impending change, the majority (six out of ten) cited that they wanted to understand and be committed to the change before they had to tell their staff. Reasons given were: "we wanted to figure out specifically how the change would look", and there was:

> "a fair amount of uncertainty amongst managers, especially the clinical ones and whether or not we wanted to go to program management. Not everyone was convinced with the concept. There was a lack of commitment and understanding and we did not want to

> upset the staff again. It's hypocrisy to try and convince others unless you yourself are convinced. There was a lot of locking horns behind closed doors before letting it out."

One individual repeated that he did not know of the March decision as he had not been involved at that point. Another individual again cited the change to a matrix model as being the alternative, while another stated the pilot team alternative that had been unsuccessful. The most interesting aspect of this question was the response by the Director. He was aware that no formal announcement was to be made yet to the staff, but he thought that the individuals in the meetings would be discussing the ideas on an informal basis with their staff. This comment prompted another question to the interviewees about why they had not shared the information on an informal basis with their staff. There was a unanimous response that they did not want to scare the staff with yet another change before they truly understood and were behind the idea.

The last alternative strategy question dealt with the decision not to implement the change in the fall like originally planned, but instead form a transition team that looked at operational issues with the implementation date set for January 1993. Of the ten people who answered this question, nine stated that the transition team was put into place to allow the front-line staff some input into the process of program management. Also, part of the reasoning was to give the staff time to "buy-in, prepare mentally for the change and to shift into program management subtly". The main reason that people were cautious was echoed again and again; they realized the change during accreditation had been traumatic and they were afraid to incite the same kind of reaction. This was the most common theme during the entire interview process. This particular antecedent condition colored content, inner context and process more than any other single event or issue.

The last question of the content portion of the strategic change was: "what were the problems and obstacles in the proposed change?" Of the twenty-three responses, four individuals mentioned administrative and reporting issues. Another four responses dealt with the problems associated with physical space and limited resources. Four individuals were concerned with the power that it would give to certain groups, and other groups that could potentially lose power and position. This concept gets more attention in the inner

context section. Three respondents mentioned the fact that people would not be supervised by a non-discipline specific individual. One person commented that this would be especially difficult if the individual was not from a professional affiliation. Similar to this, three people felt that the loss of professional identity was going to be a problem, "how do you engender loyalty to a program rather than a discipline?". One individual stated that the biggest problem so far had been ensuring that the staff all got the same information at the same time. This individual then went on to say that sometimes: "a point of discussion would get out and then we had to put out the fire. The rumors would then persist for a long time". Another individual stated that he felt that the biggest problem was that there were: "some key players that were not totally on-side". Two people reported that the obstacles were: "fear, the unknown, tradition, and people's perceptions of how the change would affect their position and power". One response was that the biggest problem was that although the change was supposed to: "put the power in the hands of the front-line staff, it was going to do just the opposite". There is no clear patter or trend that emerged from this question. Problems and obstacles ranged from physical space, to program loyalty, to non-professionals supervising professionals.

Outer Context

The outer context addressed the political, economic, social and business aspects that existed outside of the firm and impact upon the firm which assists in shaping the formulation and implementation process. Questions regarding the outer context were not put forward to the people interviewed except for the Director. He had been the one to make the assessment, the choice, and to implement the change. Some of these outer contextual forces have already been discussed in the analysis of the antecedent conditions, but will be given further mention.

The societal aspect of the outer context had changed for all industries, not just the health industry. The public was now a more demanding and informed group. They had greater expectations about service, quality, and standard of care. This has already been cited as one of the primary drivers for the change to an accredited work hardening facility. Since the accreditation process had provided an operational review and helped to improve public opinion, the social aspects of the outer context had been dealt with to a large

extent three years prior. It was not a major force acting upon the organization at this particular time, but was considered part of the content since increasing efficiency and effectiveness and performing a cost/benefit analysis would ultimately benefit the client.

There had always been talk of privatizing the service, and the Vice President had made it quite clear that it was not an idle threat. Or as one person put it: "he gave us the adapt or perish alternative". The political pressure to privatize had been increasing over the last few years before the change because it was no longer considered acceptable to have the rehabilitation facility producing revenue shortfalls.

The external competition that had entered the market over the last three years was one of the primary driving forces to improve effectiveness and efficiency. The current economic recession forced the larger organization to send clients to clinics where they would receive effective treatment for the lowest cost, regardless of affiliation. In fact, all current stakeholders, such as labor unions and employers, were feeling the recessionary pinch and they too added to the demands put on the organization to cut costs and improve effectiveness. Balancing the competing needs of the stakeholders has always been difficult, but was exacerbated with the introduction of competition and an economic recession. Due in part to the recession and to the rising costs of providing rehabilitation, the centre was told to reduce its operating budget by 5% per year. This edict had to be met and the Director felt that this change to program management could provide the savings to meet the budget reduction without having to implement lay-offs. In summary, the major outer context components that shaped the assessment and choices of the Director to change to program management was the current economic recession, the introduction of competition, the political pressure to privatize, a more demanding public, and a need to balance the competing interests of the stakeholders.

Inner Context

The inner context section will examine the most relevant aspects as they pertain to the organization. The issues that will be covered are: who provided the leadership and leadership style; how the history, culture and organizational structure impacted on the decisions go to program management; how power, culture and/or politics were

used to garner support for the change process; what tactics were used to ensure successful implementation and to protect the dominant group(s); which group(s) as a result of the change got more power, more resources and a greater sphere of control; which group(s) had less power, resources and sphere of control because of the change; and which group was affected the most overall.

When asked whether or not the history of the centre played a role in the decisions made, a resounding nine out of fourteen responses replied that the accreditation by CARF made the biggest impact on the decision making. The comments were directed at the process with the desire to implement the change as: "gently as possible", and: "much of our discussion was how to handle [the change] when wounds had barely healed and how to avoid a CARF II". Three of the respondents replied that the history of health care and the current state of the economy were the forces in history shaping the decisions. This answer is also a recognition of the role played by the outer context. One individual cited the history of change was fraught with the "people not being given a say", and that this shaped the decisions. Another individual said that history was not part of the decision making process, but then went on to say that: "since so much change has occurred, people are more accepting of it". One person also cited that the Director's history of credibility had helped to bring in the change.

The question on the effect that the organization structure had on the change to program management brought out some interesting observations. The answers reflect the fact that some individuals do not recognize how organizational structure affects the change process. Of the eight people who answered this question, two said they were not aware of any impact that the organizational structure would have had on the decisions made to go to program management. One individual answered the question in terms of the content of the change as opposed to the context. Another individual commented that since the organizational structure was already accommodating programs, the: "evolution was not complicated and there was no interruption of work". One person felt that the downsizing that had occurred in the major organization impacted on the change process, but could not say exactly how it impacted except: "we were fat for many years". Another individual thinks that the Chief Psychologist's direct link to the Vice President (no other supervisors had this link) in the organization affected the strategy of program management as did the configuration of

the Work Evaluation Department. One person felt that the organizational: "structure was such that authority to implement change was fully utilized". The Director mentioned that part of the main objective (content) of the change was driven by the need to reduce layers as it delayed decision making and removed the upper layers from client contact. The Director also commented on the state of the organizational structure as it is now and referred to it as similar to the Johnson and Johnson product lines, that is, the structure reflects the 'products' of the organiztion rather than the professional departments.

The culture and how it affected the decisions made during the change process was the next question. Three of the twelve responses cited that the CARF accreditation process had significantly affected the culture and that this in turn affected the decision making and implementation process. Two individuals noted that it was the state of the economy lately that played the most significant role in shaping the culture of the rehabilitation facility. They mentioned that this external reality caused the internal culture to be much more accepting of the change process. Similar responses to this were made in several instances throughout the interview process. One individual felt that the culture affected decisions: "in terms of who has climbed the ladder to key positions and how quickly". Two people felt that the professional disciplines had affected the culture significantly and therefore the nature of change. The individual responded that: "turf issues between departments would not allow program management to work because of a departmental culture". Another individual responded that one can not separate the culture and the decision making process since the: "internal culture is the essence of the change". Yet another individual referred to the overall rehabilitation culture as a typical health care culture that: "wants to treat everyone to the 'Nth' degree. Becoming outcome focused will result in a change to culture". One individual answered the question by reporting that it will be difficult for physicians to take instructions from non-physicians. The last individual responded that several years ago someone had studied the culture and found that the rehabilitation facility's culture was one of mistrust and little communication. This cultural aspect was still prevalent she thought, and definitely affected decision making during the organizational change.

The next questions dealt with who provided the leadership during the change process, and what style of leadership did

this person possess. The responses were unanimous that the Director had provided the leadership for the whole of the change period. Some other people were included in the leadership 'group', such as the consultant who had been present at CARF. This consultant had provided the idea and had been involved to a lesser degree for a few years following. Part of the perception that still pervades at the rehabilitation facility was that the consultants were responsible for the change to an accredited facility, rather than a simple consultancy role. This was why, years later, some people were under the assumption that the American consultants called all the shots. Of the fourteen responses, six people named other members of the management group as part of the leadership team, and one individual named the Vice President. The interesting finding in the responses was that Assistant Supervisors tended to call the entire management group the leaders, although recognizing that the Director was the main force. On the other hand, the Supervisors and Managers did not see themselves as leaders of the process. They usually cited themselves as reluctant and would only name the Director as the leader. The managers and supervisors that were reluctant admitted to always being supportive in front of the assistant supervisors and non-clinical supervisors..

There were eighteen responses to the question of leadership style. Out of the eighteen, eight people said that the Director's style was autocratic, especially in the beginning before people were on-side. Seven individuals found his style to be consultative, while two responded his style was visionary and one said charismatic. The common theme that ran through this line of questioning was that the Director had been autocratic in the beginning in order to force the change. It was this style that one individual took offense to more so than the idea of program management: "Clinical Supervisors were probably opposed due to the style used; i.e.: it was not a negotiated reality. He worried that we could not proceed unless we were all on-side so he came around as he realized he had to get our understanding so that we could all present a united front". The consensus is that his style then changed to a more consultative one: "his style is to develop a plan and strategy and then uses the consultative process to get on stream; and: "He had to be autocratic at first to help us keep to task, and then he turned to consultative". Another common theme amongst the respondents was that the Director is a very likable person: "he is the guy next door with charisma and he is very

credible. He can admit it if he makes a mistake"; and: "he is a hands-on, good leader".

The next question dealt with how the power, culture and or politics was used to garner support for the move to program management. Each of these aspects will be dealt with separately with a summarization following. Out of ten respondents, two individuals felt the power aspect was utilized in the decision to go to program management with a switch to participatory management after the buy-in. As one respondent put it: "the decision by the Director was a *fait accompli* and then he used his power to say you make it work". One individual saw it more as power that the Director utilized only after he was given the authority to do so by the front-line staff; that is: "he made an effective presentation and then he was given the power to implement the change". Another individual felt that the direct organizational chart link that the Director and the Chief Psychologist had to the downtown organization had been utilized to manage the change: "power was used by those who have it [Director and Chief Psychologist], i.e.: get on-side or you are out of here". There was another interesting view as one person stated:

> "power and politics were used but they garnered resistance rather than support. The utilization of power was inappropriate and caused the resistance. Power was given back to the front-line staff and that is when it started to work. People were not allowed to contribute before and you can not embrace what you do not understand. All of the other managers pushed and pushed until the Director became more of a participatory-type of manager".

Another individual felt that power could have been used, but was not: "there are power brokers and players that have the credibility without the position, but there is no evidence that there was any organized plan to bring any of those people on-side, it was just a sound business move". Two individuals felt that power was used to garner support for the change in descending rank of the organizational chart. They felt that the Director first used his power to convince the managers, who then were delegated to help facilitate the next group's support, and so on. One individual who commented on positional power felt that it was the Vice President who used his power to force changes by his comments regarding "adapt or perish". Another stated that the Director used his "power angle to dangle the

carrot in front of the supervisors to get them to buy-in by creating new positions, this helped people to see [the change] more positively". The last view on power was that the Director: "leveraged external realities or cues to change rather than just his power which would be seen as an ogre". This is referring to the outer context that the manager effectively used in presentation adds to support the need for change as opposed to using his position of power to force a change with no explanation.

The role that politics played in the organizational process was responded to by five individuals. All answers differ and therefore each one will be given mention. The comment regarding politics and power garnering resistance instead of support has already been discussed so will not receive further mention. The first comment on politics deals with the selection of managers. It was felt by one individual that the politics came into play when one particular supervisor was not given a manager position. This individual thought that: "maybe the Director felt betrayed by the supervisor and wonders if its a political move". There was one individual who felt that there was a shift in political climate, although no comment was made as to how it affected the change process. The comment deals with one of the strong 'clique' members of management being drawn into a separate camp, therefore a shift in political climate. This stems from a perception in the rehabilitation facility that there was an 'inner circle' of managers were primary decision makers. Other managers who were not part of this inner circle were considered not have as much authority as the 'inner' ones. This reference to the 'inner circle' is made again in the analysis so bears definition. One person made mention of the: "great deal of elitism" that goes on in the facility and that: "if you are a political manipulater you will be rewarded for playing the game well". This doesn't quite answer the question, but is an interesting observation nonetheless. The last comment on politics states that the Director wanted to: "show those who were pushing for privatization that the rehabilitation facility could be innovative, cutting edge, efficient, and effective".

In regards to culture and how it was used to garner support, there was a total of three responses. Two of the comments felt that the: "big shake-up that was a result of CARF created a culture that could deal well with change". In fact, one respondent felt that the Director could have used the culture more to his advantage: "Culture could have been

used more, i.e.: people have adapted to change better than they think. The staff could have been given more power and input". The last comment on culture was that it had been shaped by economics more than anything else which caused people to accept change more positively than in previous years.

The next question that deals with the inner contextual issues is one which tries to ascertain what tactics were used to ensure successful implementation and to protect dominant groups. Out of the twenty-two responses to this question, eight individuals cited the formation of a Transition Team as the primary tactic to ensure successful implementation. Within this answer they all noted the choice of the Transition Team's chairperson as brilliant because of her effective and non-threatening style. Also noted as a positive tactic was the ability of the departments to be able to choose their own representative. The next five responses deal somewhat with the same issue regarding tactics in that it mentions the use of front-line staff involvement as a tactic to ensure successful implementation. The reference is then made to the first meeting where the Director presented the reasons for the change to the managers, supervisors, assistant supervisors, and the Clinical II's. This was seen as a tactical move since these people are considered both the dominant group and influencers. One individual noted that their department also developed tactics for dealing with the changes. They had to tear down a wall during the change process so they invited all staff to come by and help to knock down the wall to assist in the: "mourning phase and provide a linkage/healing between the new and the old". One individual stated that the Director's open door policy was a tactic to ensure successful implementation. Another stated that scare tactics were used regarding the economy and that there were not many good jobs, and: "you could lose your job if the facility has to close". Yet another individual cited the tactic of getting the buy-in from the top on down as ensuring success. One individual stated that a tactic used in the meetings with key players was to ask them to: "do this and support in public, but things will go on as they always have". The Director listed most of these tactics plus more. He stated that he used this research to provide a 'Hawthorne' effect, that he used cognitive behavioral therapy, i.e: challenged their ideological beliefs, that he asked for the help of the 'influencers', that he implemented the Transition Team, and that he saved the physicians until last.

The next question deals with the aspect of power and which groups or individuals gained power and which lost power. This question was repeated for resources and for sphere of control. Out of the nineteen responses to a gain in power, six individuals felt that the Psychology Department had gained in power with the organizational change. Four individuals stated that it was the Chief Psychologist (who is also a manager) who has gained in power. It was also mentioned that: "she is very adept at looking after whatever areas she is responsible for". The Pain Management Program was cited by three individuals as having gained in power and this area is also managed by the Chief Psychologist. One individual stated that the newly appointed Program Coordinator of work hardening had gained in power. One respondent felt that the two managers and the disciplines they had represented as supervisors (Physical Therapy and Psychology) gained in power by virtue of their new positions. The last respondent felt that the: "managers have coalesced and are better at using their power".

Three individuals felt that there was no change in the power afforded to any groups or individuals, but two of these people realize that there is the perception that the Psychology Department has gained because of their numbers and the positions that they occupy. The comment was made that it was not a: "matter of them being psychologists, it is because they just happened to fit the job". This sentiment was often shared by some of the people that responded. It was stated that the group to have gained was psychology or that the individual to have gained was the Chief Psychologist. After having given their response they would often mention that there was probably a justification for what the program received. This alerts one to the fact that since a psychologist is heading the new pain management program and has recently received resources to get it up and running, that this connotes an increase in power. When Psychology is referred to it is because as one person said: "Do the math, just count how many of them are in organizational positions now". It is worth noting that this is not a new perception, it is one of the antecedent conditions to this change process that has persisted for some time.

In regards to a loss in power because of the organizational change there were fourteen responses. Four of the fourteen felt that it was the Occupational Therapists in the Work Evaluation Department that lost the most power. Four people also felt that it was the group of assistant supervisors

that lost the most power, and to some extent the Clinical II's. One individual felt that the doctors had lost the most, another person felt that it was the Manager of Administration that had lost power, while another felt it was the Chief Psychologist who had lost power. One individual felt that administration had lost the most because as a group: "they are not directly related to the client". It is interesting to note that individuals usually report their position or their old department as having lost the most.

Two respondents also noted that it was not so much a loss or gain power, as it was a move to legitimate power. The 'clique' that had existed before was: "a clique of power from different levels", and another respondent mentioned that one of the managers had to have a: "power shift down", since there existed more power in the position than was legitimate, while two other managers had to be "brought up" so all were equal. This individual also noted the end to the: "inner circle clique".

The next aspect to this question was referring to which groups or individuals had more, and which had less, resources after the change to program management. The answers closely mirror those of the last question dealing with power. Of the fifteen responses, four people felt that the chronic pain program had gained resources. It was recognized by most of these respondents that because it was a new program: "to be successful you have to get what you need". Two individuals cited the Chief Psychologist as having gained resources. One person felt that the Work Hardening program had gained resources with the change to program management. Two people felt that the Program Managers and their disciplines (Psychology and Physical Therapy) now have more resources because of their power as managers. One individual reported the Psychology Department as having the greatest gain in resources, while another said a Program Coordinator who was responsible for many more employees. Three individuals stated: "they all have what they need, there is no group that has gained".

In terms of the group or individual who had lost the most resources, there was only five responses. Three people felt that the Work Evaluation Department's Occupational Therapists had lost he most resources. One person felt that it was the Assistant Supervisors who had lost he most resources, while the last person felt it was the Work Hardening Program that had lost the most.

The last aspect of this question asked which group had less sphere of control since the change had occurred, and which group had a greater sphere of control. Of the nine individuals who responded to the 'more sphere of control question', three felt that Psychology had a greater sphere of control. Three respondants also named the Chief Psychologist as having gained in sphere of control. Two individuals felt the Manager of Industrial Rehabilitation had gained n sphere of control due to a change in position. The Program Coordinator of Work Hardening was picked by one individual as for gaining the greatest sphere of control since he now supervises approximately forty-eight people.

In the loss sphere of control in the move to program management, six individuals answered the question. Two people felt that the Work Evaluation Department's occupational therapists had lost the most sphere of control. One person felt the Senior Psychologists had lost the most, another felt it was the Case Managers who had lost the most, and another individual felt that it was the Assistant Supervisors and Supervisors that had lost the greatest sphere of control with the change to program management. The last person felt that the individual who had lost the greatest sphere of control was the supervisor who had left the organization as: "that is why she would have to leave since she had less sphere of control".

The overall results on the question on power, resources and sphere of control show a slight consensus that the work evaluation department and its' occupational therapists experienced a decrease or loss of these three aspects of the inner context, while the Chief Psychologist and the Psychology Department experienced a gain. Again, many of the individuals who cited the Chief Psychologist and Psychology Department also said that they recognize it is probably justified.

The last question dealing with the inner context was asking which group had been affected the most by the change. Nine responses were recorded and all but two stated that it was the disciplines that had been affected the most (Occupational Therapy, Physical Therapy, Exercise Therapy and Psychology). One individual felt that it was the group of Assistant Supervisors that were affected the most, and to a lesser extent the Supervisors. The last individual felt that there was no one group that was affected the most, they were just "brought on stream in different time frames".

Process

The process questions were getting at the 'how' of the change process and Pettigrew states that this is achieved by looking at the actions, reactions and interactions of the change process. The questions address issues such as the drivers and backers of change, opponents to change, committed and non-committed players, front- and back-stage decision making, and questions that are addressing the overall view of how it was handled and what they (the interviewee) might have done differently.

The question regarding who were the backers/drivers of the change process yielded similar results to the question on leadership in the inner context section. Of the sixteen responses, all people named the Director and one or all of the managers/management group as having been a driver of the change process. Of these, three individuals cited that the external consultant and the Vice President as also being backers along with the Director and Managers. A note of interest is that people at the rehabilitation facility use the term 'management' to connote any one of a number of individuals that attend the management meeting and has a major component of administrative work as their job duties. Therefore, the term management usually means the director, manager and supervisors.

The question that inquired who were the opponents to the change received many responses. There were thirty-two responses from fifteen individuals. Five individuals mentioned that they thought that the word 'opponents' was too strong that they were more like: "nay-sayers who said just convince me". Four people responded that the front-line staff were the opponents to the change process since: "day-to-day function is the most impacted". Four mentioned the Supervisor of Work Evaluation as being opposed to the change. The clinicians were cited by three individuals: "clinical staff will give the biggest opposition/problem, especially the unionized". Three individuals felt that it was the occupational therapists who were the most opposed, another three felt it was the physical therapists that were the most opposed because: "they had to go from hands-on therapy to more education". Another three responses cited the technical instructors as being the most opposed. Medical doctors were cited by two individuals, as one individual put: "the M.D.'s are still struggling with the fact they are not leading the team". Clinical supervisors were cited by two people because: "supervisors feel that

they managed to cement solid departments and felt it was being jeopardized. Two individuals mentioned the assistant supervisors, and as one individual said: "they were by far the most difficult since they were unionized". The Chief Psychologist was given two votes, while the Psychology Department received one. The Director gives some insight into how he handled the opponents and who they were. First, he said that the opponents simply went in the order that he tried to bring them on board, that is: "first the managers, then supervisors, then assistant supervisors". He then stated that he would deal with their opposition by asking them why they were opposed, and after listening would query: "Do you have any evidence that makes you think it will happen?". Then he would say: "That is why we have a Transition Team". Unfortunately there does not seem to be much of a pattern in the responses to this question, except that all of the clinical staff are mentioned at some point, but never the support staff.

The next question dealt with who were the committed players and who were not-committed. The committed players question elicited a total of eighteen responses. All individuals felt that the Director, and various portions of the managers, were committed players. The trend was for people to see the managers as being committed if they [the interviewee] did not take part in the meeting during the first part of the year. As one person noted: "Besides the management and supervisor people, he [Director] also picked key people to change staff minds around". If an individual had been privy to the meetings, they acknowledged that some of the managers were not committed in the beginning of the change process.

Three people cited the Supervisor of Physical Therapy as being committed and one said that in the beginning she was not committed, but came on-side quickly. Two individuals named the Assistant Supervisor of Exercise Therapy as being a committed player and two others cited the Acting Supervisor of Work Hardening. The Chief Psychologist was mentioned once as being committed, but was initially non-committed. The Manager of Administration was referred to as a committed player by three people.

On the non-committed side, the Supervisor of Work Evaluation received three votes as being non-committed, although it was again mentioned that she eventually came 'on-board'. Her Assistant Supervisor was also seen as non-committed by one individual, as was the work evaluation staff by another

individual. One individual stated that all supervisors and assistant supervisors were not committed because they: "were all trying to figure out what it would mean to their job". The medical doctors were the last group that were mentioned as being non-committed since: "they did not think they needed to be committed because of their direct organizational link to [the larger organization] downtown".

These responses follow quite closely the responses from the drivers and opponents to change questions. Overall, management is seen as a driver and a committed group, all except the Supervisor of the Work Evaluation Department. This is because she was opposed to the change in the beginning, was the only clinical supervisor left out of the new management positions, and later left the organization. These three key elements have given people the perception that she was opposed and non-committed.

The next question deals with the decision making process. The decisions that were made with considerable input from others is called front-stage, and little or no input is referred to as back-stage. Everyone responded that the original decision to go to program management was a back-stage decision and the logistics and details that the Transition Team were responsible for was a front-stage decision making process. There were some interesting comments made regarding the process of decision making. Three people said that the ultimate decision on the organizational chart and the recruiting for these positions was a back-stage decision. Another individual on the management team stated that the time-line for implementation was very back-stage, as was the: "<u>when</u> we were going to tell staff, <u>what</u> we are going to tell them, and <u>rehearsing</u> the lines so we could understand the message and support it". One individual said that there was the: "perception they were trying front-stage, but was really a back-stage. It worked out well, it looked like front-stage but was actually back-stage". One person commented that they thought the recruitment process for managers was front-stage decision making. The overall consensus was that the decision to go to program management was a back-stage decision made by the Director, and the Transition Team was a front-stage example of decision making.

One of the last two questions was: What was the individuals perception of how the change had been handled overall? Of the fourteen people who responded, eight Individuals thought that the process had been handled very well. Some of the

comments were: "incredibly well, there was a substantial change with minimal complaints"; and: "Good. Director showed admirable constraint as we [managers] made him wait an extra four months to get everyone to buy-in". One individual cited the change as: "some things were handled O.K., others were not". Another individual said: "it was rough at the beginning but the Director changed and moved toward the Transition Team which helped acceptance". One person said they thought that the change was a good idea, while another stated that the change took too long, but was handled well. The last comment comes from a person who thought the process had been handled: "as well as could be expected considering the players and the skills they possessed. A few people really smoothed and contributed immensely". Over the course of the interviews it was often mentioned that the styles of the Director and the Manager of Industrial Rehabilitation varied significantly but complemented each other, which assisted the change process.

The last question concerned what the individual would have done differently had they been in charge of the change process. Of the sixteen responses, two people felt that the change was done too quickly and one person thought it should have been done faster. One individual felt that the meetings that the Director had with the assistant supervisors should not have been done separately as it: "seemed to have the intent of pitting one against the other". Two people felt that the organizational chart should have included a spot for each supervisor to become a manager to be able to: "distribute power amongst disciplines, even if it is not the right person". Two other individuals felt that the change could have been marketed better by showing either: "the global/big picture of health care" while the other felt the marketing should have taken place with: "all the staff and could have included the rationale". One person said he would have become more involved in the process if he: "would have realized how the organizational chart was going to change". Four individuals felt that more staff should have been involved with the decision making. One individual stated that it would have helped if one could: "find ways of keeping links between the Occupational Therapists in work hardening and evaluation". Two individuals stated that the support staff: "should have been included with the rest to feel a sense of belonging".

Synopsis of the Change Process

The intent of the synopsis is to pull together both the chronological events detailed in the first section of the results combined with the pertinent aspects revealed during the interview analysis. This will hopefully provide the reader with a condensed overall understanding of the change process. This synopsis is from the perspective of what the researcher considers to be the core elements of content, contexts and process as relates to Andrew Pettigrew's model of strategic change, and is in no way meant to detail every minute aspect of the change.

The Manager of Professional Services was one of the three key people to formulate the three year plan shortly after the accreditation of the rehabilitation facility. The reason the Director was not part of the three year planning process was because the facility had an Acting Director at the time while the larger organization was in the process of recruitment. The Acting Director was given responsibility for the facility in addition to his original job downtown and therefore he was rarely at the facility. Many of the day-to-day planning and implementation duties were left to the three managers.

The idea for a program management model had been suggested on several occasions by the head consultant over the course of the accreditation change process. She had been quite adamant that it was a fundamental aspect to the overall new direction that the facility was taking. However, the people that were trying to lead the change process had very little time as it was to implement the necessary changes for a work hardening model, plus realized that it would be too much for the staff to handle. This idea of a program managed model being implemented at the facility was talked over by the three managers and it was agreed that the content of the strategic change made sense. They also realized that it would have to wait until there was a Director in place and things had settled down from the last change process.

The idea of a program based model was discussed intermittently over the next two years. The Manager of Professional Services felt it was necessary to implement the change because it would help in meeting the budget reductions, decrease organizational layers and increase efficiency, as well as align loyalties to programs as opposed to departments. Both the Director and the Vice President of the larger organization agreed that the change

would be beneficial in meeting these needs, but they were also wary of how the staff would handle yet another change. One individual stated during the interviews that the Vice President in particular, who had been through the last change process, was: "afraid of another mass exodus".

The Director stated that he became frustrated with the decision making process on even small events. He cites a particular request that had been made by a member of the staff that required input and decisions from six different personnel before a decision could be reached. He also mentions that it seemed ridiculous that the cost of the programs and a cost/benefit analysis could not be done. He also kept abreast of business management articles including articles on implementing change and program management. He knew that he needed to create a sense of urgency or crisis to initiate change. This coupled with his personal style of believing that: "conflict is a sign of things moving", caused him to write the one page document that questioned supervisors' ability to be dedicated to programs. This document was presented in a management meeting in December of 1991, and did solicit the conflict he desired.

In January of 1992 serious discussion regarding a change of program management insued. It was only a couple of other individuals at the time who supported the idea. Most felt it was too soon after the last change to start another. The supervisors were put in charge of looking into programs and what it would involve during this month and started to hold 'Program Operations' meetings. The Manager of Professional Services felt that this would help them to understand the concept and also to ease them into the theory behind the model. The next two months were spent with the Manager trying to convince the majority of others that the change was necessary. When the existing Director left, and the Manager of Professional Services was made the Acting Director, he seized the opportunity to make the decision that this was a *fait accompli* and that the rest of the group had no option but to accept it. He told the group of Managers and Supervisors that the plan was to implement the changes in the fall of the same year. This was also the time that the supervisors were most vehemently opposed. They saw his style as autocratic and felt that they were not given fair input. This is also what many stated set them against the change in the first place; it was not so much the content of the change as it was the style of leadership shown. They also mentioned that during this time they would appear to be somewhat supportive, but were holding meetings

amongst themselves behind closed doors where they would discuss their true feelings about the change. One individual said they were biding time hoping that the change would not come about.

One of the few people who agreed with the change from the beginning was the Manager of Administration. He started the process of program costing and cost centre analysis in February. This process was fairly easy to implement without the knowledge or backing of the front-line staff since they were not involved. This was one of one aspect of the overall strategy that was implemented long before other aspects were formulated or implemented. This is a perfect example of Pettigrew's findings that strategy does not follow a rational linear process of first formulation and then implementation. This process was finalized and implemented by August of the same year, still one month before the staff had been formerly notified of the change. The Director states that this was one of the main reasons for a successful implementation; the systems were in place by the time staff were notified and the system also supported the change process by identifying the cost of providing programs and how this compared to their competitors.

In March the Assistant Supervisors of the discipline departments were made privy to the change since it was going to affect them personally, and their staff. The meetings that they began to attend were the Program Operations meetings. One of the strategies discussed at the first meeting was to inform the rest of the staff at the facility of the impending change. The idea was discussed with the decision not to tell the staff until they all had a better understanding of what the change would mean and what it would entail. They definitely did not want to go forward and announce a change when they did not agree with it themselves and did not fully understand. At this point the group still had hopes that the change would not go through.

This was a good example of miscommunication. It was not until I brought it up as an issue that it became known by the director that the others in the management meetings were not informally sharing aspects of the impending change with their staff. He states that he had cautioned them to be careful with what was discussed; i.e.: certain alternative strategies were not to be discussed such as varying ideas of the organizational chart. When I asked the supervisors and managers why they did not discuss it with their staff if

they had been given approval to do so, most stated they had the impression that they were not supposed to be discussing it, plus their prior stated convictions of not wanting to incite fear when they themselves did not agree or understand. Some of the individuals interviewed stated that they would refer to the idea of program management at times, but did not come across and openly state that it was occurring in the fall. I was in a meeting where it was referred to in vague terms and since the facility operated by programs it did not seem strange when the idea of focusing around programs was mentioned. It never occurred to people that this meant doing away with the departments. Since I did not interview front-line staff, it is difficult to say how many 'caught on' to what program management really meant. As a summer student, I did not have a vested interest and may not have paid as much attention to this kind of discussion.

In June the Acting Director became the Director of the facility. He also produced a monthly newsletter whose intent was to better inform the staff of what was happening at the facility from a management and business perspective. His style was one of openness and casualness. This style began to change the culture of the facility. Never before had a Director so openly communicated aspects of the business side of things with the front-line staff. It was seen as a breath of fresh air to have someone open to feedback and yet could 'shoot straight from the hip' when it was warranted. He was described during the interviews as: "very likable, the guy-next-door type"; and many individuals also described him as: "a visionary with a lot of charisma". It was also during the summer months that others started to notice that his style was changing; he had been autocratic before, but was becoming more facilitory and participative. Two of the Managers state that they were not truly committed players until August.

In July during an informal chat with the Director that I was made privy to the impending strategic change. When I asked when the change was going to be implemented and he replied: "this fall". I had been through the change of accreditation and was one of the few individuals who was a front-line staff member who was behind the idea. I had been involved in championing the idea to others and was very aware of the anger and misconceptions that persisted during the change process. I felt that it was too soon to implement another change and that if I felt that way, and yet had been a backer of the last change in strategy, I could not imagine

how others would take the impending change when they had not been behind the last one. This seemed like an excellent and exciting opportunity to study an area of organizational analysis that I had only been introduced to in theory during my first year of the MBA program. I quickly received approval to study the change process with the understanding that the name of the organization was not identified. The Director immediately felt it could also benefit his implementation of the change as I would provide the "Hawthorne Effect". It was at this time that I started to conduct regular meetings with the Director to find out all that I could. He also provided me with many documents to get a clear understanding of what had already occurred.

In August it was decided that the staff should be allowed input and that this would allow the transition to program management to be smoother. There is no consensus as to whose idea this was to implement a transition team in the fall instead of going to full program management. As I tried to ascertain how this decision came about it became clear that there was no record being kept of various decisions that had been made or abandoned, nor minutes detailing all the various discussions. The Director stated that he believed the quickest way to make the change process a failure was to have formal plans in place. Also, management meeting minutes were distributed to all staff and this would have the undesired effect of informing the staff prematurely of the change and also of the various discussions/opposition to change, not to mention the iterations of the organizational chart. He stated that he did not believe in producing a three-inch volume of details on change process. Instead, he called himself: "a 'situational manager' who only reveals aspects of the grand plan as necessary since people are not ready for all the information, but you want to set-the-stage".

Also in August, the Director met with all the supervisors on both an individual and group basis. The Director felt that they would be the group most affected by the change and therefore wanted to facilitate the process of change. He felt he could better facilitate the process by meeting with them individually to get their uncensored feedback and tell them each his ideas on the 'new' organizational structure. He also asked each one of them to submit a job description plus an organizational chart that they felt was the most appropriate. Since the individual meetings spanned over the course of a week or two, the Director had various ideas which he would use to solicit feedback from each individual.

Since the ideas of the Director were evolving each day, each assistant supervisor was made privy to one of the various options. I was not able to find out exactly what happened between the assistant supervisors except that they ended up feeling they had been manipulated by the Director and: "pitted one against the other". They also held a meeting amongst themselves to decide on a united, agreed upon strategy for the content of the feedback. One assistant supervisor said that one of the group went against the plan and basically: "stabbed the rest of us in the back". Unfortunately it was still a delicate issue at the time of the interviews and they were unwilling to discuss the particulars. An interesting observation was how they each managed to place themselves in a 'good' position in their own version of the organizational chart.

The second week of September marked the first formal announcement to staff. However, it was only the Clinical II's who had not been made aware of the change, at least formally. I was invited to attend as were supervisors, assistant supervisors and managers. The presentation was excellent. It covered all the bases of why the change was necessary. It started with outer context issues, went on to inner context, and then the risks associated with staying the same or changing. The program operations meetings had run for eight months by this time and they had addressed many of what would be the staffs' main concerns and issues. The Clinical II's had no objections since many of the questions they would have had, were already answered. Some of these people had been opponents and saboteurs during the last change process, so it was with surprise that I saw the meeting conclude without any big concerns. The tactic that the Director so deftly employed was the plea to the Clinical II's to: "help him out" with the process. He stated he relied on them as being the ones in the organization the people look up to and that he hoped he could count on their support. Several people during the interview process, including the Director, cited this a prime example of a tactic used to garner support for the strategic change. He also introduced the formation of a Transition Team and the role of this committee during this presentation.

The following week was the meeting with all the staff and the same presentation was made. There was only one significant issue brought up at this meeting. As stated previously, it has been the perception for several years that the Department of Psychology held an inordinate amount of power and prestige as compared to the other disciplines.

Since they were the most prevalent group that rose through the organizational structure - right on up to the larger organization; it was noted by one individual that: "the only way to get anywhere in this organization is to be a Psychologist". When the organization chart was shown in the meeting with a direct line from the Chief Psychologist to the Vice President downtown, it prompted one person to comment on the organizational structure and what would prevent the Chief Psychologist from hiring a psychologist for one of her programs when another professional may be more appropriate. The Director answered that the Chief Psychologist would not benefit from such a move since performance is now based on outcome and that it would not be in her best interests. He also stated that he would not allow a person to be hired without justification.

The Transition Team started to meet in October with a finite life of two months at which time their recommendations would be submitted for ratification to the Director. The issues they were to address were operational, i.e.: responsibilities that had originally been handled by the departments. Some examples of issues were hiring, disciplinary action, in-services, student practicums, equipment and discipline accreditation. Many people cite the appointment of the Manager of Industrial Rehabilitation (who had been the Supervisor of Physical Therapy) as one of the smartest moves the Director had made. Her style was considered to complement his in that she was quite different. She was described as: "a very good listener, a facilitator. She is a good evaluator of ideas and paraphrases to make sure she understands, she is also very tactful". It was also mentioned that the Director is: "an idea man, visionary and she (the Manager, Industrial Rehabilitation) is good at carrying out the plan".

Also during the fall, the recruitment process started for the new positions. There had been a reduction of three management staff. The number of assistant supervisors and supervisors had been twenty-two, and dropped down to nine. The Supervisor of Work Evaluation was the only discipline supervisor who did not get a manager position. There was another position available, but she declined and decided to pursue employment elsewhere. The parting was on good terms, but it did hurt morale within the facility, especially with the occupational therapists. She was interviewed by telephone since she had already left the organization when the interviews were conducted. The positions filled by the supervisors and assistant supervisors were either 'program

coordinators' or 'seniors'. The Clinical II's did not change as they were never administrators. Many of the supervisors and assistant supervisors felt they experienced a demotion, if only for the fact they had to go back to some clinical duties. The managers set a goal of interacting with two clients per month to help keep them grounded with the customers they were serving.

The Transition Team meetings were considered by most individuals to be a big success. Staff felt they had a reasonable time to provide the delegates they had chosen with issues that came up over the course of the two months. Only one individual felt: "the Transition Team was not a safe venue for expressing opinions that went against [the move to program management]".

January 4, 1993 was the official date for full program management implementation. People who had assumed dual roles were officially in their 'new' position and systems were running under the new program management model. Staff had been increasingly given more and more business information as pertained to the facility and their team over the course of the year of change. The Director noted a change in the culture. Whereas before work hardening teams had complained about having to accept more clients than they could effectively deal with; they were now the ones coming forward asking for more clients. Since their performance issues were related to business objectives, they quickly became more concerned with return-to-work rates and revenue shortfalls.

The study ended at the meeting of the Transition Team on July 14, 1993. This was the six-month post-implementation meeting to discuss any problems, concerns or to share success stories. The meeting was brief with no significant issues arising. According to Pettigrew, the acid test is being able to link competitiveness with strategic change and it will be interesting to see if the change to program based management positively effects the facility's competitiveness.

Critique of Andrew Pettigrew's Model of Strategic Change

The intent of the study was in part to 'test' Andrew Pettigrew's model of strategic change. A critique on the effectiveness of the model for analyzing strategic change is based on having studied and utilized the model to assess, describe and analyze a particular change event. The format

of the critique is only meant to convey the opinions of the author as they pertain to this particular study and the methodology employed. It is recognized that what might be considered a gap or weakness with the model, may in fact be an omission by the author in the methodology or may be attributable to inexperience. Having stated that, the 'strengths' of the model will be discussed first, followed by a discussion of the 'weaknesses' or difficulties associated with the model.

One of the most appealing aspects of the model of strategic change by Andrew Pettigrew was the comprehensive and holistic view of the change process. The model provides a framework for conducting a thorough analysis that involves various aspects within and outside the firm. The outer contextual issues provided the research with an overall frame from which to understand and envision the change. Within this evolving frame of change, there existed an inner context that needed to re-align itself in order to meet competitive needs. To better identify these aspects of inner and outer context, Pettigrew gives some brilliant insights into the underpinnings of culture, language, power, politics, social control, and manipulations of symbols, to name but just a few. These variables of the inner context form part of the organizational behavior of individuals and groups. The model allowed the researcher to make the connection between organizational behavior and the actions, reactions and interactions of individuals involved throughout the change process. I felt that his ability to describe these aspects and their apparent meaning to the whole of change to be one of the biggest strengths of the model. These concepts are difficult to define, and even more difficult to reveal, but he was able to provide some key points of instruction for describing and analyzing the change process. Pettigrew manages to define the complex interplay between the tangible and the intangible forces at work during the change process. This not only alerts the researcher to be on the lookout for these sub-components of the change process, but also enables the interview questions to be more pointed.

The importance that the model places on the understanding and knowledge of antecedent conditions is also well founded. I learned a great deal about the history of the facility and the interconnectedness that exists between the past and present conditions. It also provided me with the opportunity to better understand the failings of change episodes of the past from an analytical standpoint, as

opposed to the purely subjective experiential one. The interplay of leadership, politics, and power have shaped both the antecedent conditions from which they developed, and continue to influence cultural beliefs in subsequent changes. The model assists the researcher in understanding the change as an evolving interplay of content, contexts and process rather than one of a discrete change episode with independent variables. Pettigrew's model place primary importance on the history of the firm. The history of the CARF accreditation was the single most important factor that influenced the process of change. The change process could not have been fully understood without a model that emphasized historial analysis.

The model also includes the role of leadership within the inner context. Pettigrew seems to emphasize that although the leader of the change process and his or her management style plays a substantial role in the management of the change, it is by no means the most important aspect. The role of leadership is integral to a successful implementation but it is also limited. Pettigrew also states that the ultimate challenge is to link the change to the firm's competitiveness. The Director felt it was to early after the change to be able to answer the question of whether or not the change to program management has improved the rehabilitation facility's competitive position. However, the results of the change process does support an increased efficiency and effectiveness.

One aspect of the change process that the model so clearly defines is that of opposition. The findings illuminate the role that opposition plays in shaping the strategy. Opposition is usually considered only as a hindrance to the change process, as opposed to a force that eventually ensures successful implementation. The opposition of the managers was pivotal in this particular case study. Had the opposition not continued for months behind closed doors, the managers themselves could not have been as committed and convincing in the overall change. Opposition became a key component to the ultimate success and this was uncovered aptly with Pettigrew's model.

Although this may be construed as being contradictory, the weaknesses of the model, or at least the difficulties, are trying to get at the aspects of the inner context that were considered such a strength. These aspects are a crucial component to the emergent strategy that develops, but can be very difficult to uncover. More observation time,

especially of the management meetings, would have made some of these aspects much more apparent. Also, some of the inner context questions were not properly answered in the interviews since most individuals do not think in those terms. In fact, several people suggested that the interview questions should have been sent out prior to the interview because this would have given them time to consider that particular aspects of the change process. Although this may have improved the quality of the responses for some of the more difficult questions, I was concerned it would serve as an opportunity to 'prepare' a statement and would also get away from some of the frank retorts and off-the-cuff honesty.

There were many practical difficulties associated with the application of the Pettigrew Model. The model is very labour intensive which limits its usefulness. Access to information was difficult to obtain. Time was also a drawback to using this particular model. It was very time consuming researching the antecedent conditions, outer context, and individual interviews. The interviews and transcription alone prevented me from obtaining full-time summer employment. The majority of the weaknesses stem from the difficulty of uncovering all the relevant aspects of the content, contexts and process of the strategic change. Having said that, it may be more desirable to uncover some of the key aspects, as opposed to spending too much time getting mired in some of the minor aspects of the inner context. It is the elusive process and inner context that were sometimes difficult to uncover and analyze.

The overall critique of the model is that through a simplistic depiction it provides a comprehensive, yet complex and time consuming method for understanding the change process. As mentioned in the opening paragraph, it is hard to disconnect what may be failings of the model with what might more appropriately be labeled failed of the researcher. The strengths and weaknesses could be compared to other models of strategic change management to derive a more academic viewpoint. However, a critique of this form is beyond the scope of this paper.

CHAPTER 5 - CONCLUSION

This thesis first introduced the management of the strategic change process as complicated and chaotic. The application of a systematic and analytical framework allows for an in-depth understanding of the actions, reactions and interactions that shape the management of strategic change. The model provides a comprehensive and holistic analysis of issues that are both rational and analytical, as well as intangible and behavioral, that could not be achieved through simple scrutiny and observation. The tools that Pettigrew provides for analyzing the change process richly enhances the understanding of the managerial process of assessment, choice and change.

I have now witnessed two strategic changes at the same rehabilitation facility with dramatically different results. The compendious description and analysis has allowed me to understand the complexity of the change process. This change process could not have been as well understood without the analysis of the content, contexts and process aspects that were unfolding and developing, both before and during the change. This data supports the findings of Whipp, Rosenfeld and Pettigrew when they question the 'Commander model' view of rational choice and change that is the result of one heroic vision. (Whipp, Rosenfeld, Pettigrew, 1988 p.53). Instead, they concur that the management of strategic change is an iterative process involving the commitments and interests of various players with formulation and then implementation not following a rational linear approach. The blend that occurred between the vision of the leader and the commitments and interests of the other players, formed and shaped the process into an emergent strategy that culminated in the overall management of the strategic change process.

The research study process has provided an opportunity to gain insight into Andrew Pettigrew's model for describing and analyzing the management of strategic change. In reference to the rehabilitation facility's particular change, three main points emerge. The manager of the strategic change must have a clear vision of the content of the strategic change, an immense understanding of the outer context and its effect on the firm, and must be able to manipulate the inner context to enable the change. Secondly, the constraining qualities of the major players around the Director actually served to eventually enable a successful implementation. Thirdly, the change process will

be made easier when the form or content of the change is simply following the function of the firm.

Not only did Pettigrew's model of strategic change provide the necessary analytical tools for describing and analyzing the management of strategic change, but also the analysis from the rehabilitation facility's particular change served to support the findings of Pettigrew as to the nature of the change process. The knowledge gained through the application of Andrew Pettigrew's model and the subsequent analysis is best recounted by Pettigrew:

> "Strategic processes of change are now more widely accepted as multi-level activities and not just as the province of a few, or even single, general manager. Outcomes of decisions are no longer assumed to be the product of rational or boundedly rational debates, but are also shaped by the interest and commitments of individuals and groups, forces of bureaucratic momentum, and the manipulation of the structural context around decisions and changes. With the view that strategy development is a continuous process, strategies are now thought of as reconstructions after the fact, rather than just as rationally intended plans. The linear view of process explicit in strategy formulation to strategy implementation has been questioned, and with that questioning has come both an additional awareness of the substantial but limited power of chief executives in implementing strategic change and new attempts to develop model and processes of implementation other than the simple commander model." (Pettigrew, 1988, p.51)

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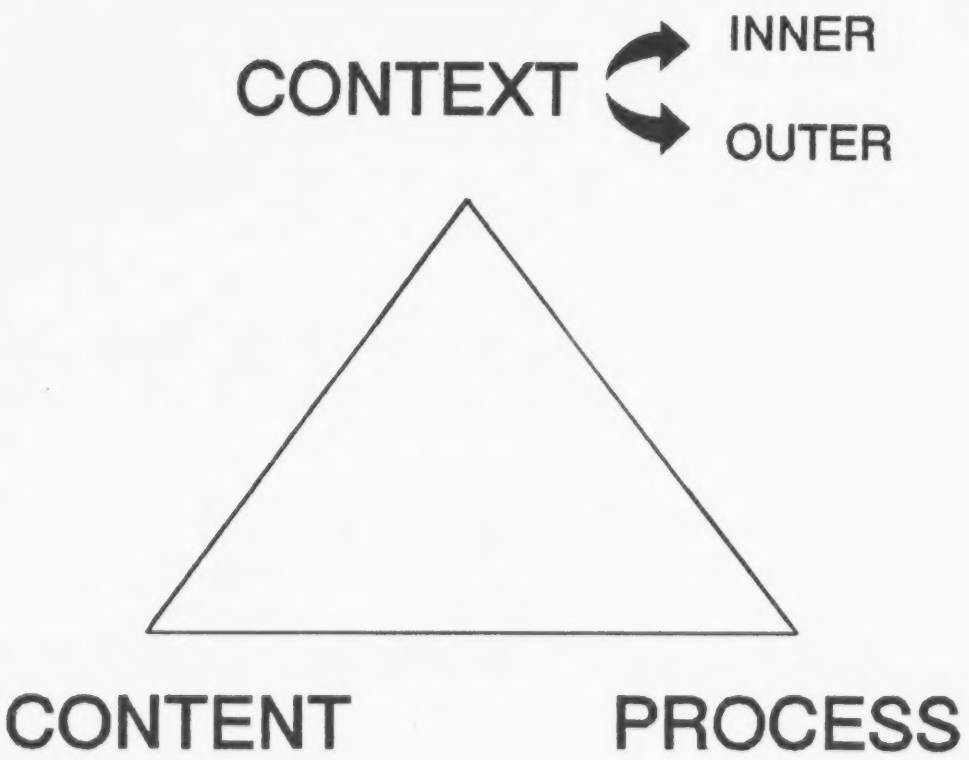
APPENDIX A

Andrew Pettigrew's Model of Strategy



APPENDIX B

The Progress Note

TO ALL STAFF **September 1, 1992**

Well it is already September now and I have noticed that it has been quite some time since I last sent out a note to all of you. Over the summer months, with Second Quarter Reports, holiday leave, and being in the thick of it with respect to Budget, it appears I have lapsed in my responsibility to communicate via this note. There are a number of things to update you on.

Departures/Welcome:

Best wishes to **Ms Barbara Ashton**, **Mr. Greg Krook** and **Ms Leanne Holland** as they seek out new career opportunities. I thank them for their service to our Centre.

Welcome to **Dr. Murray Schneider** who has joined us as a Chiropractic Consultant for the Work Conditioning Pilot Study. Welcome also to **Cheryl Gibson** who will be joining our Centre staff. Cheryl is an Occupational Therapist and has come from the CARE Facility.

Vertical Sensing:

A lot of people have come up to me and asked: "What the heck is Vertical Sensing". What Mr. Millard, our Chairman of the Board and Acting President and Chief Executive Officer, will be engaged in over the next few months is talking to front-line staff regarding where staff feel the Board is with respect to meeting its **Mission**. This form of feedback to Mr. Millard is to provide him with an opportunity to hear what things the organization is doing right, and where it continues to need focus or improvement. Staff will be randomly selected and directly contacted by Public Affairs. Mr. Millard will also attend with Mr. Sinclair a special meeting with myself, the managers and supervisors at the Centre on September 23, 1992.

VOLUNTEER WANTED - Achieve Implementation Committee:

I am looking for a volunteer from the Centre to be the Rehabilitation Centre representative at the Achieve Implementation Committee, as it is destined to roll out to the rest of the organization over the next three years. The requirement of time will include meeting once every two or three weeks, approximately, for a period of one year. If you find that you may like to engage in planning of the Achieve roll out, please forward your name with a letter of interest to Ms Cheryl Boisvert by September 11, 1992. This will be an exciting opportunity for a staff member of the Centre to participate in a high profile committee downtown.

Business Process Improvement:

Business Process Improvement is a strategy to look at the operations of business to improve quality, productivity and competitiveness. It is a process by which an organization makes a transition toward improving quality and productivity while reducing cycle time and cost. If we accomplish such an end point we will learn how to: determine the customer needs and expectations and deliver the level of service that meets them; establish which processes drive our business and which ones are working and which ones we need to introduce; create process improvement teams, training team leaders to see that appropriate changes are implemented; eliminate layers of bureaucracy, to simplify our processes, reduce our cycle times and the cost of getting things done; to develop additional measures for progress and to provide feedback to the participants; to bench-mark our business processes so that we can become the most competitive provider in the Province; to ensure that quality improvement with all of our other initiatives is an ongoing process.

One of the areas that we will specifically look at with respect to Business Process Improvement is the admissions area. Historically we have had a problem with wait lists and getting people into the Centre. We are wondering whether there is redundancy or business processes that are occurring that add to that waiting period. Furthermore, we will be looking at how it is that the information from case manager to the Centre, and from the Centre's admission area to the work hardening team occurs and whether there are possibilities for reductions in business processes (this could mean paper, decision layers, etc.). Mr. Sinclair has contracted **Ernst & Young**, management consultants, to help us with this process. **Mr. Darcy Verhun** and **Mr. Don Cummings** will become two familiar faces around our Rehabilitation Centre as they act as facilitators and senior consultants to this process. We will get volunteers from the admission area and various key areas in the Centre to become part of the process. There will be a one day major training session on September 8, 1992, for those participants. In the future when you hear about **B.P.I.** you will now know of this as Business Process Improvement. More information about this process will be forthcoming.

Budgeting:

Our budget target for 1993 is to reduce our operational budget by 5.1%. This is the necessary cuts required to meet the corporate objective. What does this mean? It means right now that your supervisors, managers and director are working very hard, and making some very tough decisions with respect to what services remain intact at the Centre and which ones we need to re-shape. As a consequence a number of organizational re-structuring strategies are going to be implemented. To date we have already eliminated two managerial positions and plan to recruit to those positions from the current supervisory group. Additional area collapsing will occur. This will have a direct affect on how the departments exist and will expedite our movement towards program focus.

La Brew Crew:

Congratulations to the Rehabilitation Centre Slow Pitch Team who was tied for 1st Place in the WCB League. Although they were tied, they got a ranking of second place. Playoffs are coming up and I would encourage all staff to make a night of it for you and your family to watch some good quality fun.

Organizational Structure:

Over the past eight months, myself, managers and supervisors, and even assistant supervisors have discussed the increasing focus toward programs rather than department operations. Now it is time to make this more formal. I have been meeting with the supervisors and assistant supervisors over the past few weeks to discuss the impending organizational changes. It is time that our Centre take a bold and courageous step forward to the world of program management. I think this will be an exciting period for all of us, although I recognize there will be some chaos, confusion and ambiguity . . . key indicators of change. However, I also believe that it will provide each of us with great opportunity to come to the forefront with respect to our professionalism and our true identity as independent practitioners in the field of rehabilitation. In the next few weeks you will hear much more formal information with respect to impending organizational change. I have contemplated gathering 'the troops' into the gym for an enmasse meeting with respect to programmatic changes at the Centre. During this change to program focus I will be developing a transition team comprised of managers, supervisors and frontline staff who will help during this change period. I expect you to have input during this change process, although I certainly do not expect you to agree with all of the changes that will occur over the next few months. Nevertheless, I appreciate your support and goodwill with a focus to ensure the long term future of the Rehabilitation Centre.

Mock Survey:

Speaking of our future, a Mock Survey will occur September 21, 22, and 23, 1992. Programs to be reviewed by **Ms Barbara Beach** and **Ms Kim Anson** of **Murer Consultants** is to include work hardening, chronic pain and head injury program. The process of this will include an orientation conference for the supervisory staff, interviews by the surveyors of specific and identified staff members in the Centre, and an exit conference. It is important that you update yourself regarding: our admission process; assessment and goal-setting procedures; discharge planning; knowledge about program evaluation results; a thorough understanding of our Centre's Safety and Emergency procedures; knowledge about our business in general. With those staff who were present at the last CARF Accreditation, I would expect that you could take it upon yourselves to discuss the process with the folks who have joined our facility since that time.

House Project:

Some of you are probably wondering whether this project was alive or not. Our previous partner, as you may know, fell ill to financial troubles and was unable to purchase property to place the prospective barrier free home on. In an attempt to salvage the project, I have contacted the Mayor's Office and to date we have received positive feedback from them with respect to the project. I hope to provide further good news in the near future.

Facility Renovations:

Over the last two weeks the weather has been no indication that we need air conditioning (and I note wearing shorts has not been a big issue lately - just a joke!). We will go forward with introducing systems-based air conditioning which will cool the southern exposed rooms of the old wing building. Furthermore, approval has been granted to renovate for the head injury and chronic pain teams. As a brief comment, my hat is off to the physical therapists in these two rooms who have shown great commitment and support to our Centre by making available space which has "traditionally" been theirs. This is an example of the unselfishness and professional dedication that is required if we wish in the Centre to become leaders in the rehabilitation industry. Thank you to the physical therapists in the Centre who have made this sacrifice in the best interest of the Centre, and thank you to the staff members who will be relocating to a "new territory".

We don't see you:

I have received some feedback from folks regarding my progress note as an attempt to communicate to you. Overall, feedback has been positive. However, over the past two months it has been mentioned to me that although the Progress Note is a good idea it appears that my absence from the facility is most obvious. With the impending organizational changes, and subsequent recruitments and subsequent meetings you will see more than enough of me. I would also encourage you to drop me a note, or arrange an appointment to see me (if you can catch me) regarding any issue you wish to discuss. For your information, I still plan to take a holiday!

In Closing:

Thank you for your hard work over the past summer months ... I know coverage during holiday time is most difficult, and again, I thank you.

BRIAN J. BOON
DIRECTOR

BJB cb - Sept 1.92 - Note4

APPENDIX C

CREATING OUR

CORPORATE FUTURE

REHABILITATION

1992

CHALLENGES

- More informed public
- Greater expectations by public: - Mission Standard
  - Regional needs

PUBLIC

- Current economic recession - Employer/Labour Unions/Support Systems
- Political pressure - privatize service
- Balancing competing interests

BOARD

- Service Issues
- Revenues low
- Costs up/benefit/administrative
- Unfunded Liability
- Increased Assessment rates
- Corporate Objectives

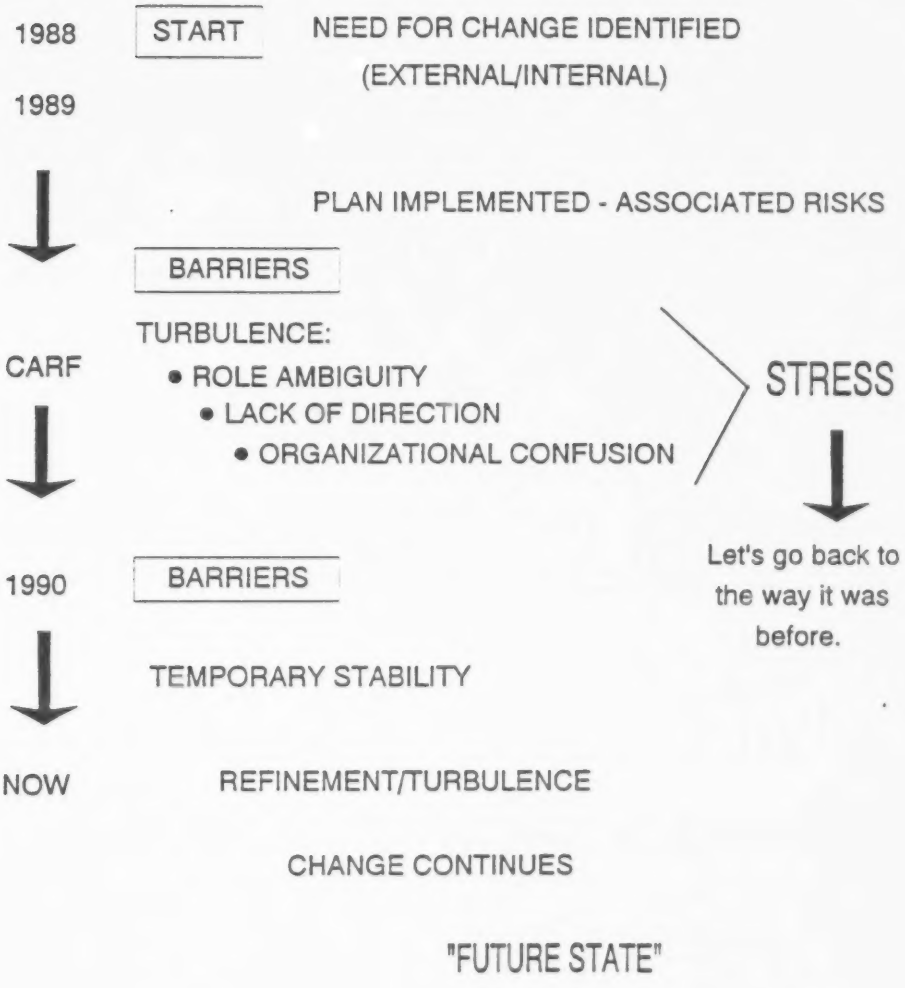
REHABILITATION CENTRE

- External Competition - Work Conditioning
  - Multi-disciplinary private clinics
  - Hospitals
- Decreased market share
- Low revenue
- Budget reduction 5.1%
- Maintain CARF Standards - Work Hardening
- Accredit new programs
- Effective/Efficient/Good value for $?

RESPONSES

- Yearly Reviews and Adjustments
- Change can be REACTIVE or PROACTIVE

CHANGE CYCLE



BUSINESS CONCERNS

FINANCIAL:

Reduce Administrative Budget by 5.1%.

Revenue shortfall expected in 1992

Charging generic per diem rates.

Hard to determine true costs of a program.

OPERATIONAL:

Matrix Confusion - Department vs. Program.

Bureaucratic - multiple management layers.

Operate by program output - rewarded by Department review.

Authority/responsibility for programs outcome is diffuse.

Confusion regarding reporting - to whom am I accountable?

REHABILITATION
V.P. & C.O.O.
DIRECTOR
MEDICAL DIRECTOR
Medical Services Unit
Chief Psychologist Manager, Special Services
External Psychological Services
Evaluation Services
Chronic Pain
Manager Industrial Rehabilitation
Work Hardening
Gait/Tens/PSP
Manager Administration
Admissions & Health Information
Business Office
Support Services
Building Maintenance

WHY PROGRAM MANAGEMENT?

ADVANTAGES

1. Allows for reduction of management staff by three (3).
2. Centre has been functioning this way for three (3) years.
3. Allows allocation of costs to program. Results:
    - determine program costs
    - potential to charge program based fee
    - cost/benefit analysis
4. Program Evaluation tracks outcomes by program.
5. Accreditation by program.
6. Programs are our revenue generators.
7. Aligning assignments of staff to programs allows expertise to develop within a program.
8. Data from program evaluation and professional expertise allows for opportunity to truly empower staff in planning/decision making/marketing, etc.
9. Allows for rewards and recognition in performance reviews to be based on objective performance indicators (e.g.: productivity - number of clients seen; effectiveness - return-to-work, competitively employable; efficiency - length of stay, turnaround report time; quality - client/referral source satisfaction, etc.)
10. Allows for administrative succession planning and ensure business continuity.

ORGANIZATIONAL RESTRUCTURE

	TENTATIVE DATES - WEEK OF:
Program Discussion	Started January, 1992
V.P. Approval	August 3, 1992
Consult Human Resources	August 3, 1992
Develop Manager's Jobs	August 10 - 31, 1992
V.P. Approval - Organizational Chart	August 24, 1992
Consult Assistant Supervisors	August 31, 1992
Present to Supervisors	September 14, 1992
Present to Staff	September 14, 1992
Manager Recruitment	September 21, 1992
Program Administration Selection	September 21, 1992
Establish Transition Team	October 28, 1992
End Transition Team	December 7, 1992
Report Back to Staff	December 14, 1992
Full Program Management	January 4, 1993

REHABILITATION

VISION

To be North America's premier industrial rehabilitation provider.

MISSION

To serve workers and employers by rehabilitating injured workers to re-employment.

GOALS

To develop a professional Organization capable of meeting the work injury rehabilitation needs of the Edmonton catchment area at a reasonable cost.

To provide quality work injury rehabilitation by maintaining conformance to CARF accreditation standards.

To take the lead in providing innovative and effective work injury rehabilitation with return-to work as the measure of success.

FUTURE

KEY TO SUCCESS:

- ADAPTABILITY
- FLEXIBILITY
- EFFECTIVENESS
- EFFICIENCY

PROGRAM MANAGEMENT WILL LEAD TO:

- Program cost determination → Program revenue/cost-benefit.
- General increase in employees knowledge about program development, monitoring and subsequent change
  → adaptability/flexibility.
- With increased knowledge (skill transfer) about program issues, input to make changes is more realistic
  → effectiveness/efficiency.
- Assignment of individuals to program provides our internal health care professional with the ultimate challenge - independent practioners; empowered practiioners.
- Opportunities to provide services on a fee-for-service basis to "other" referral agents.

ISSUES TO BE ADDRESSED

1. Hiring, discipline and termination - who will be responsible?

2. Performance Evaluations - how can someone other than a professional OT/PT/PSYCH evaluate my work?

3. What about internships, practicums, peer reviews, departmental accreditation, etc.?

4. Will my discipline lose status or identity?

TRANSITION TEAM

AUTHORITY: Manager, Chair may be delegated

REPORTS TO: Management Committee, Rehabilitation Centre - agenda, attachment, minutes, reports.

PURPOSE: To provide guidance to management on the process from shifting to program focused organization.

To act as a resource to staff regarding information about changes (communication)

To develop procedure/guidelines pertaining to hiring involvement, peer review, internships/training/practicums, performance evaluations.

TIME: Two months in duration.

FINAL RESULTS: Transition to Program Management by January. 1, 1993. (Procedures in place following ratification by Management Committee)

MEMBERSHIP: 1 Representative from each of the Management layers (Manager, Supervisor, Assistant Supervisor)

1 Representative from each of the professional disciplines

1 Representative from Administrative area.

ANSWERS TO ISSUES

1. **Hiring - Discipline - Termination**

Program Administrators is primarily responsible for the budget

Hiring:
- Initiated by Program Administrators
- Team/discipline based positions
- Can involve: → some discipline
  → team members

Discipline:

- Service issues/professional issues may arise
- The issues cause the organization to be at perceived risk, therefore the Program Administrator is primarily responsible
- Consultation pertaining to professional issues may include:
  . Discipline Senior Assistant Supervisors, Clinical II's, Human Resources

Termination:

- Risk to organization, clients, staff is so great it requires Managerial Director input; Director approval; Human Resources consultation

ANSWERS TO ISSUES - Cont'd:

2. **Performance Evaluations**

Program Administrator is primarily responsible for performance reviews

- Task - to align Centre's performance criteria and the staff providing the program

Reviews will include:

i) program/service-based, measurable goals/objectives (e.g.: return to work, client satisfaction, timeliness of reports)

ii) discipline/profession-based goals/objectives (e.g.: assessment quality)

Reviewer:

i) program administrator

ii) discipline-based staff

iii) others as required

ANSWERS TO ISSUES - Cont'd:

4. **Peer Reviews, Continuing Education**

Quality service enhancing reviews and development will be supported:

- Program-based interdisciplinary reviews, case-studies will be supported
- Discipline-specific peer reviews will also be supported
- Both need to be scheduled

5. **Orientation, Mentoring, Coaching**

Dependent upon the program, this duty could include:

→ Clinical II's/Seniors
→ Assistant Supervisors
→ "Others"

ANSWERS TO ISSUES - Cont'd:

3. Professional Accreditation

- Discipline Senior is ultimately responsible for professional-based accreditation
- This is delegated to appropriate staff

It is the expectation that consistent support must be provided for:

- Program-based CARF accreditation
- Discipline-based accreditation

Internships, practicums, placements, etc:

- Discipline Senior is ultimately responsible for professional-based training experiences
- This will be delegated to appropriate staff

APPENDIX D

INTERVIEW QUESTIONS

(Listed in the approximate order they were asked.)

1. What was the main or key objective of the chosen strategy?

2. What was the chosen strategy for implementation of program management and why was that particular strategy chosen?

3. What were some of the alternative strategies that were considered? Why were they abandoned?

4. a) Did the history of the facility affect what you decided to do?
   b) How about the organizational structure?
   c) How about the organizational culture?

5. a) Who provided the leadership?
   b) What was the style of leadership?

6. a) Who were the main proponents of change, i.e.: the 'backers' or 'drivers' of the change?
   b) Who were the main opponents?

7. How was power/culture and/or politics used to garner support?

8. What kinds of tactics were used to ensure successful implementation and to protect dominant groups?

9. What problems or obstacles did you perceive there to be in the proposed change?

10. In your perception, have there been changes in which groups have less power? more power? less resources? more resources? less sphere of control?

11. a) Who were the committed players in the change process?

    b) Who were the non-committed players in the change process?

12. Describe the events as you remember them since you first became aware of the change.

13. a) What decisions were made with considerable input from others, or 'front-stage'?

    b) What decisions were made with little or no input?

    c) What decisions were made back-stage?

14. Overall, how do you perceive this entire process to have been handled?

15. What would you have done differently?

APPENDIX E

SPECIFICATIONS - SUPERVISORS/PROGRAMS

DEPARTMENT

- Qualified for the specific area.
- Responsible for the Department budget ... really the facility's budget.
- Advocate for department issues/members.
- Responsible for the human resource function (hire/review /discipline).
- Responsible for department services/documentation/service standards.
- Liaise with professional associations.
- Plan own department objectives/training/continuing education.
- Accountable for department productivity/discipline specific service.

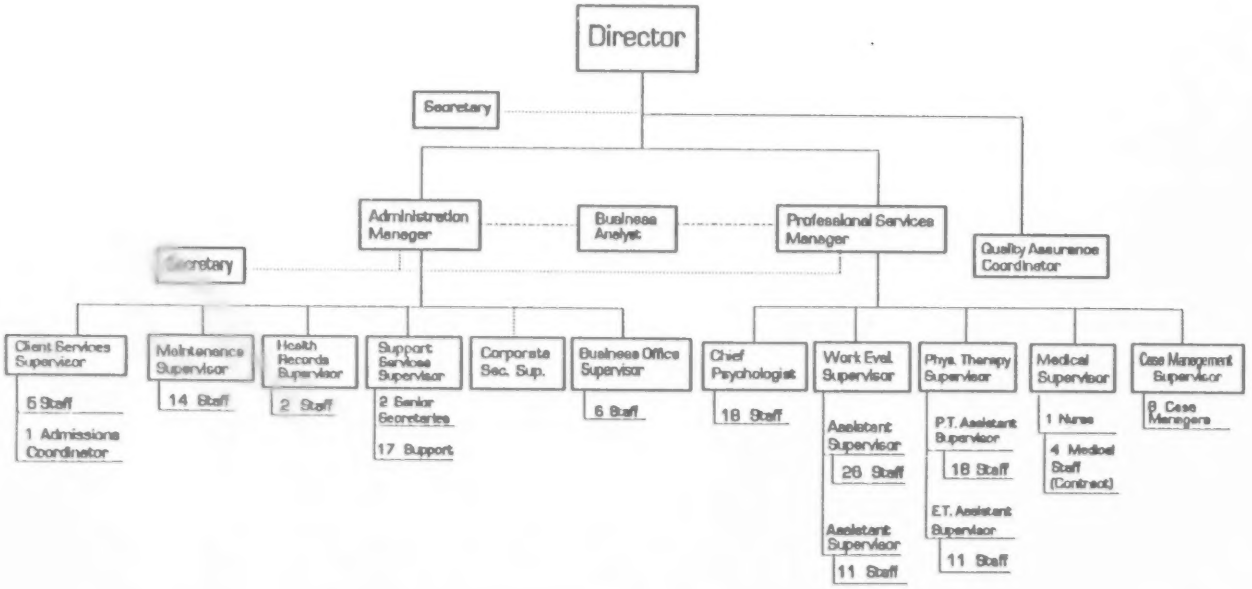
PROGRAMS

- Shared responsibilities for programs.
- Not responsible for the outcome of programs.
- Contribute with resources by a mix of intent/goodwill.
- Budget is shared.
- Result: balancing the competing demands of department vs. program; and supervisory objectives and prerogatives to those of management.

APPENDIX F1

Rehabilitation

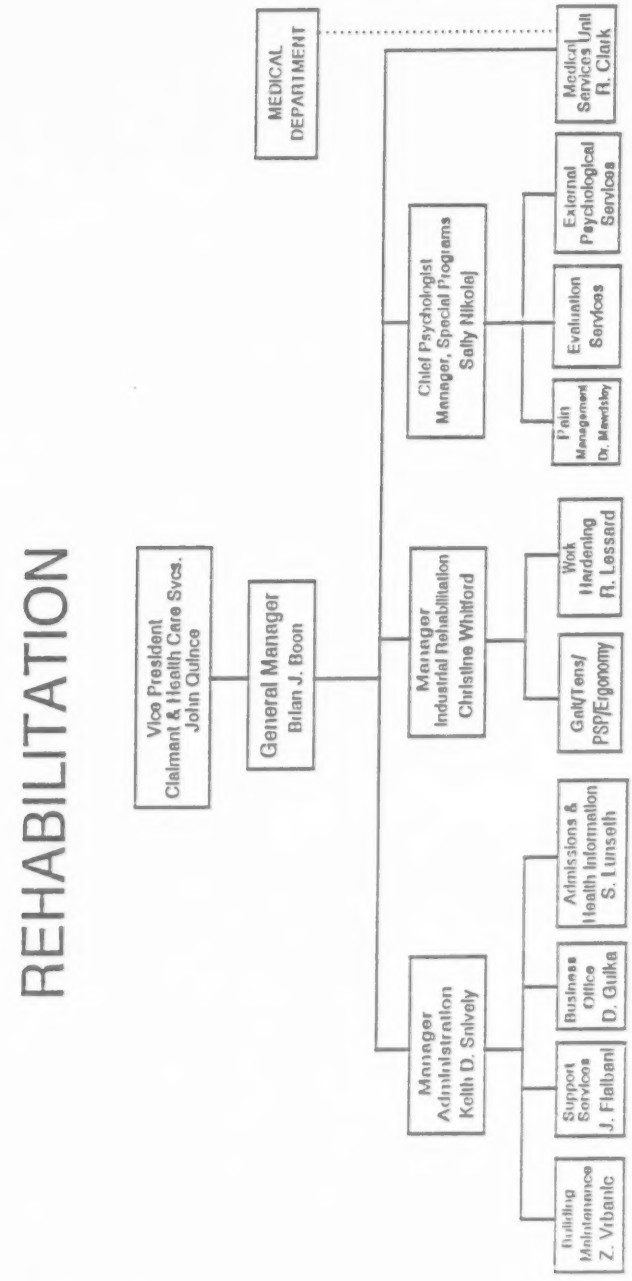
Organizational Chart



Complement = 159 + 5 Contract = 164

Effective July 1, 1992

APPENDIX F2



Centre ORG (Aug. '93)